MINISTRY OF CULTURE · GOVERNMENT OF INDIA

W. C. Walker 1785 SL

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INQUIRY

INTO THE

NATURE AND CAUSES

OF THE

WEALTH OF NATIONS.

BY

ADAM SMITH, LL. D.

AND F. R. S. OF LONDON AND EDINBURGH:

ONE OF THE COMMISSIONERS OF HIS MAJESTY'S CUSTOMS IN SCOTLAND;

AND FORMERLY PROFESSOR OF MORAL PHILOSOPHY IN THE UNIVERSITY OF GLASGOW.

THE FOURTH EDITION, WITH ADDITIONS.

IN TWO VOLUMES.

VOL. I.

DUBLIN:

PRINTED FOR W. COLLES, R. MONCRIEFFE, G. BURNET, W. WILSON, C. JENKIN, L. WHITE, H. WHITESTONE, P. BYRNE, J. CASH, W. M'KENZIE.

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ADVERTISEMENT.

THE firſt Edition of the following Work was printed in the end of the year 1775, and in the beginning of the year 1776. Through the greater part of the Book, therefore, whenever the preſent ſtate of things is mentioned, it is to be underſtood of the ſtate they were in, either about that time, or at ſome earlier period, during the time I was employed in writing the Book. To this fourth Edition, however, I have made ſeveral additions, particularly to the chapter upon Drawbacks, and to that upon Bounties; likewiſe a new chapter entitled, *The Concluſion of the Mercantile Syſtem;* and a new article to the chapter upon the expences of the ſovereign. In all theſe additions, *the preſent ſtate of things* means always the ſtate in which they were during the year 1783 and the beginning of the year 1784.

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AN

INQUIRY

INTO THE

NATURE AND CAUSES

OF THE

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INTRODUCTION AND PLAN OF THE WORK.

THE annual labour of every nation is the fund which originally ſupplies it with all the neceſſaries and conveniencies of life which it annually conſumes, and which conſiſt always either in the immediate produce of that labour, or in what is purchaſed with that produce from other nations.

ACCORDING therefore, as this produce, or what is purchaſed with it, bears a greater or ſmaller proportion to the number of thoſe who are to conſume it, the nation will be better or worſe ſupplied with all the neceſſaries and conveniencies for which it has occaſion.

BUT this proportion muſt in every nation be regulated by two different circumſtances; firſt, by the ſkill, dexterity, and judgment with which its labour is generally applied; and, ſecondly, by the proportion between the number of thoſe who are employed in uſeful labour, and that of thoſe who are not ſo employed. Whatever be the ſoil, climate, or

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extent of territory of any particular nation, the abundance or ſcantineſs of its annual ſupply muſt, in that particular ſituation, depend upon thoſe two circumſtances.

THE abundance or ſcantineſs of this ſupply too ſeems to depend more upon the former of thoſe two circumſtances than upon the latter. Among the ſavage nations of hunters and fiſhers, every individual who is able to work, is more or leſs employed in uſeful labour, and endeavours to provide, as well as he can, the neceſſaries and conveniencies of life, for himſelf, or ſuch of his family or tribe as are either too old, or too young, or too infirm, to go a hunting and fiſhing. Such nations, however, are ſo miſerably poor, that, from mere want, they are frequently reduced, or, at leaſt, think themſelves reduced, to the neceſſity ſometimes of directly deſtroying, and ſometimes of abandoning their infants, their old people, and thoſe afflicted with lingering diſeaſes, to periſh with hunger, or to be devoured by wild beaſts. Among civilized and thriving nations, on the contrary, though a great number of people do not labour at all, many of whom conſume the produce of ten times, frequently of a hundred times more labour than the greater part of thoſe who work; yet the produce of the whole labour of the ſociety is ſo great, that all are often abundantly ſupplied, and a workman, even of the loweſt and pooreſt order, if he is frugal and induſtrious, may enjoy a greater ſhare of the neceſſaries and conveniencies of life than it is poſſible for any ſavage to acquire.

THE cauſes of this improvement, in the productive powers of labour, and the order, according to which its produce is naturally diſtributed among the different ranks and conditions of men in the ſociety, make the ſubject of the Firſt Book of this Inquiry.

WHATEVER be the actual ſtate of the ſkill, dexterity, and judgment with which labour is applied in any nation, the abundance or ſcantineſs of its annual ſupply muſt depend, during the continuance of that ſtate, upon the proportion between the number of thoſe who are annually employed in uſeful labour, and that of thoſe who are not ſo employed. The number of uſeful and productive labourers, it will hereafter appear, is every where in proportion to the quantity of capital ſtock which is employed in ſetting them to work, and to

to the particular way in which it is ſo employed. The Second Book, therefore, treats of the nature of capital ſtock, of the manner in which it is gradually accumulated, and of the different quantities of labour which it puts into motion, according to the different ways in which it is employed.

NATIONS tolerably well advanced as to ſkill, dexterity, and judgment, in the application of labour, have followed very different plans in the general conduct or direction of it; and thoſe plans have not all been equally favourable to the greatneſs of its produce. The policy of ſome nations has given extraordinary encouragement to the induſtry of the country; that of others to the induſtry of towns. Scarce any nation has dealt equally and impartially with every ſort of induſtry. Since the downfal of the Roman empire, the policy of Europe has been more favourable to arts, manufactures, and commerce, the induſtry of towns; than to agriculture, the induſtry of the country. The circumſtances which ſeem to have introduced and eſtabliſhed this policy are explained in the Third Book.

THOUGH thoſe different plans were, perhaps, firſt introduced by the private intereſts and prejudices of particular orders of men, without any regard to, or foreſight of, their conſequences upon the general welfare of the ſociety; yet they have given occaſion to very different theories of political œconomy; of which ſome magnify the importance of that induſtry which is carried on in towns, others of that which is carried on in the country. Thoſe theories have had a conſiderable influence, not only upon the opinions of men of learning, but upon the public conduct of princes and ſovereign ſtates. I have endeavoured, in the Fourth Book, to explain, as fully and diſtinctly as I can, thoſe different theories, and the principal effects which they have produced in different ages and nations.

To explain in what has conſiſted the revenue of the great body of the people, or what has been the nature of thoſe funds, which, in different ages and nations, have ſupplied their annual conſumption, is the object of theſe Four firſt Books. The Fifth and laſt Book treats of the revenue of the ſovereign, or commonwealth. In this Book I have endeavoured to ſhow; firſt, what are the neceſſary expences of

the ſovereign, or commonwealth; which of thoſe expences ought to be defrayed by the general contribution of the whole ſociety; and which of them, by that of ſome particular part only, or of ſome particular members of it: ſecondly, what are the different methods in which the whole ſociety may be made to contribute towards defraying the expences incumbent on the whole ſociety, and what are the principal advantages and inconveniencies of each of thoſe methods: and, thirdly and laſtly, what are the reaſons and cauſes which have induced almoſt all modern governments to mortgage ſome part of this revenue, or to contract debts, and what have been the effects of thoſe debts upon the real wealth, the annual produce of the land and labour of the ſociety.

BOOK

MINISTRY OF CULTURE · GOVERNMENT OF INDIA

BOOK I.

Of the Cauſes of Improvement in the productive Powers of Labour, and of the Order according to which its Produce is naturally diſtributed among the different Ranks of the People.

CHAP. I.

Of the Diviſion of Labour.

THE greateſt improvement in the productive powers of labour, and the greater part of the ſkill, dexterity, and judgment with which it is any where directed, or applied, ſeem to have been the effects of the diviſion of labour.

THE effects of the diviſion of labour, in the general buſineſs of ſociety, will be more eaſily underſtood, by conſidering in what manner it operates in ſome particular manufactures. It is commonly ſuppoſed to be carried furtheſt in ſome very trifling ones; not perhaps that it really is carried further in them than in others of more importance: but in thoſe trifling manufactures which are deſtined to ſupply the ſmall wants of but a ſmall number of people, the whole number of workmen muſt neceſſarily be ſmall; and thoſe employed in every different branch of the work can often be collected into the ſame workhouſe, and placed at once under the view of the ſpectator. In thoſe great manufactures, on the contrary, which are deſtined to ſupply the great wants of the great body of the people, every different branch of the work employs ſo great a number of workmen, that it is impoſſible to collect them all into the ſame workhouſe. We can ſeldom ſee more, at one time, than thoſe employed in one ſingle branch. Though in ſuch manufactures, therefore,

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fore, the work may really be divided into a much greater number of parts, than in thoſe of a more trifling nature, the diviſion is not near ſo obvious, and has accordingly been much leſs obſerved.

To take an example, therefore, from a very trifling manufacture; but one in which the diviſion of labour has been very often taken notice of, the trade of the pin-maker; a workman not educated to this buſineſs (which the diviſion of labour has rendered a diſtinct trade), nor acquainted with the uſe of the machinery employed in it (to the invention of which the ſame diviſion of labour has probably given occaſion), could ſcarce, perhaps, with his utmoſt induſtry, make one pin in a day, and certainly could not make twenty. But in the way in which this buſineſs is now carried on, not only the whole work is a peculiar trade, but it is divided into a number of branches, of which the greater part are likewiſe peculiar trades. One man draws out the wire, another ſtraights it, a third cuts it, a fourth points it, a fifth grinds it at the top for receiving the head; to make the head requires two or three diſtinct operations; to put it on, is a peculiar buſineſs, to whiten the pins is another; it is even a trade by itſelf to put them into the paper; and the important buſineſs of making a pin is, in this manner, divided into about eighteen diſtinct operations, which, in ſome manufactories are all performed by diſtinct hands, though in others the ſame man will ſometimes perform two or three of them. I have ſeen a ſmall manufactory of this kind where ten men only were employed, and where ſome of them conſequently performed two or three diſtinct operations. But though they were very poor, and therefore but indifferently accommodated with the neceſſary machinery, they could, when they exerted themſelves, make among them about twelve pounds of pins in a day. There are in a pound upwards of four thouſand pins of a middling ſize. Thoſe ten perſons, therefore, could make among them upwards of forty-eight thouſand pins in a day. Each perſon, therefore, making a tenth part of forty-eight thouſand pins, might be conſidered as making four thouſand eight hundred pins in a day. But if they had all wrought ſeparately and independently, and without any of them having been educated to this peculiar buſineſs, they certainly could not each of them have made twenty, perhaps not one pin in a day; that is, certainly, not the two hundred and fortieth, perhaps not the four

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four thouſand eight hundredth part of what they are at preſent capable of performing, in conſequence of a proper diviſion and combination of their different operations.

In every other art and manufacture, the effects of the diviſion of labour are ſimilar to what they are in this very trifling one; though, in many of them, the labour can neither be ſo much ſubdivided, nor reduced to ſo great a ſimplicity of operation. The diviſion of labour, however, ſo far as it can be introduced, occaſions, in every art, a proportionable increaſe of the productive powers of labour. The ſeparation of different trades and employments from one another, ſeems to have taken place, in conſequence of this advantage. This ſeparation too is generally carried furtheſt in thoſe countries which enjoy the higheſt degree of induſtry and improvement; what is the work of one man in a rude ſtate of ſociety, being generally that of ſeveral in an improved one. In every improved ſociety, the farmer is generally nothing but a farmer; the manufacturer, nothing but a manufacturer. The labour too which is neceſſary to produce any one complete manufacture, is almoſt always divided among a great number of hands. How many different trades are employed in each branch of the linen and woollen manufactures, from the growers of the flax and the wool, to the bleachers and ſmoothers of the linen, or to the dyers and dreſſers of the cloth! The nature of agriculture, indeed, does not admit of ſo many ſubdiviſions of labour, nor of ſo ſo complete a ſeparation of one buſineſs from another, as manufactures. It is impoſſible to ſeparate ſo entirely, the buſineſs of the grazier from that of the corn-farmer, as the trade of the carpenter is commonly ſeparated from that of the ſmith. The ſpinner is almoſt always a diſtinct perſon from the weaver; but the ploughman, the harrower, the ſower of the ſeed, and the reaper of the corn, are often the ſame. The occaſions for thoſe different ſorts of labour returning with the different ſeaſons of the year, it is impoſſible that one man ſhould be conſtantly employed in any one of them. This impoſſibility of making ſo complete and entire a ſeparation of all the different branches of labour employed in agriculture, is perhaps the reaſon why the improvement of the productive powers of labour in this art, does not always keep pace with their improvement in manufactures. The moſt opulent nations, indeed, generally excel all their neighbours in agriculture as well

well as in manufactures; but they are commonly more diſtinguiſhed by their ſuperiority in the latter than in the former. Their lands are in general better cultivated, and having more labour and expence beſtowed upon them, produce more in proportion to the extent and natural fertility of the ground. But this ſuperiority of produce is ſeldom much more than in proportion to the ſuperiority of labour and expence. In agriculture, the labour of the rich country is not always much more productive, than that of the poor; or, at leaſt, it is never ſo much more productive, as it commonly is in manufactures. The corn of the rich country, therefore, will not always, in the ſame degree of goodneſs, come cheaper to market than that of the poor. The corn of Poland, in the ſame degree of goodneſs, is as cheap as that of France, notwithſtanding the ſuperior opulence and improvement of the latter country. The corn of France is, in the corn provinces, fully as good, and in moſt years nearly about the ſame price with the corn of England, though, in opulence and improvement, France is perhaps inferior to England. The corn-lands of England, however, are better cultivated than thoſe of France, and the corn-lands of France are ſaid to be much better cultivated than thoſe of Poland. But though the poor country, notwithſtanding the inferiority of its cultivation, can, in ſome meaſure, rival the rich in the cheapneſs and goodneſs of its corn, it can pretend to no ſuch competition in its manufactures; at leaſt if thoſe manufactures ſuit the ſoil, climate, and ſituation of the rich country. The ſilks of France are better and cheaper than thoſe of England, becauſe the ſilk manufacture, at leaſt under the preſent high duties upon the importation of raw ſilk, does not ſo well ſuit the climate of England as that of France. But the hard-ware and the coarſe woollens of England are beyond all compariſon ſuperior to thoſe of France, and much cheaper too in the ſame degree of goodneſs. In Poland there are ſaid to be ſcarce any manufactures of any kind, a few of thoſe coarſer houſehold manufactures excepted, without which no country can well ſubſiſt.

THIS great increaſe of the quantity of work, which, in conſequence of the diviſion of labour, the ſame number of people are capable of performing, is owing to three different circumſtances; firſt, to the increaſe of dexterity in every particular workman; ſecondly, to the ſaving of the time which is commonly loſt in paſſing from one ſpecies of work to another; and laſtly, to the invention of a great number of machines

machines which facilitate and abridge labour, and enable one man to do the work of many.

First, the improvement of the dexterity of the workman neceſſarily increaſes the quantity of the work he can perform; and the diviſion of labour, by reducing every man's buſineſs to ſome one ſimple operation, and by making this operation the ſole employment of his life, neceſſarily increaſes very much the dexterity of the workman. A common ſmith, who, though accuſtomed to handle the hammer, has never been uſed to make nails, if upon ſome particular occaſion he is obliged to attempt it, will ſcarce, I am aſſured, be able to make above two or three hundred nails in a day, and thoſe too very bad ones. A ſmith who has been accuſtomed to make nails, but whoſe ſole or principal buſineſs has not been that of a nailer, can ſeldom with his utmoſt diligence make more than eight hundred or a thouſand nails in a day. I have ſeen ſeveral boys under twenty years of age who had never exerciſed any other trade but that of making nails, and who, when they exerted themſelves, could make, each of them, upwards of two thouſand three hundred nails in a day. The making of a nail, however, is by no means one of the ſimpleſt operations. The ſame perſon blows the bellows, ſtirs or mends the fire as there is occaſion, heats the iron, and forges every part of the nail: In forging the head too he is obliged to change his tools. The different operations into which the making of a pin, or of a metal button, is ſubdivided, are all of them much more ſimple, and the dexterity of the perſon, of whoſe life it has been the ſole buſineſs to perform them, is uſually much greater. The rapidity with which ſome of the operations of thoſe manufactures are performed, exceeds what the human hand could, by thoſe who had never ſeen them, be ſuppoſed capable of acquiring.

Secondly, the advantage which is gained by ſaving the time commonly loſt in paſſing from one ſort of work to another, is much greater than we ſhould at firſt view be apt to imagine it. It is impoſſible to paſs very quickly from one kind of work to another, that is carried on in a different place, and with quite different tools. A country weaver, who cultivates a ſmall farm, muſt loſe a good deal of time in paſſing from his loom to the field, and from the field to his loom. When the two trades can be carried on in the ſame workhouſe, the loſs of time is no doubt much leſs. It is even in

in this caſe, however, very conſiderable. A man commonly ſaunters a little in turning his hand from one ſort of employment to another. When he firſt begins the new work he is ſeldom very keen and hearty; his mind, as they ſay, does not go to it, and for ſome time he rather trifles than applies to good purpoſe. The habit of ſauntering and of indolent careleſs application, which is naturally, or rather neceſſarily acquired by every country workman who is obliged to change his work and his tools every half hour, and to apply his hand in twenty different ways almoſt every day of his life; renders him almoſt always ſlothful and lazy, and incapable of any vigorous application even on the moſt preſſing occaſions. Independent, therefore, of his deficiency in point of dexterity, this cauſe alone muſt always reduce conſiderably the quantity of work which he is capable of performing.

THIRDLY, and laſtly, every body muſt be ſenſible how much labour is facilitated and abridged by the application of proper machinery. It is unneceſſary to give any example. I ſhall only obſerve, therefore, that the invention of all thoſe machines by which labour is ſo much facilitated and abridged, ſeems to have been originally owing to the diviſion of labour. Men are much more likely to diſcover eaſier and readier methods of attaining any object, when the whole attention of their minds is directed towards that ſingle object, than when it is diſſipated among a great variety of things. But in conſequence of the diviſion of labour, the whole of every man's attention comes naturally to be directed towards ſome one very ſimple object. It is naturally to be expected, therefore, that ſome one or other of thoſe who are employed in each particular branch of labour ſhould ſoon find out eaſier and readier methods of performing their own particular work, wherever the nature of it admits of ſuch improvement. A great part of the machines made uſe of in thoſe manufactures in which labour is moſt ſubdivided, were originally the inventions of common workmen, who, being each of them employed in ſome very ſimple operation, naturally turned their thoughts towards finding out eaſier and readier methods of performing it. Whoever has been much accuſtomed to viſit ſuch manufactures, muſt frequently have been ſhewn very pretty machines, which were the inventions of ſuch workmen, in order to facilitate and quicken their own particular part of the work. In the firſt fire-engines, a boy was conſtantly employed to open and ſhut alternately the communication between the boiler

boiler and the cylinder, according as the piſton either aſcended or deſcended. One of thoſe boys, who loved to play with his companions, obſerved that, by tying a ſtring from the handle of the valve which opened this communication to another part of the machine, the valve would open and ſhut without his aſſiſtance, and leave him at liberty to divert himſelf with his play-fellows. One of the greateſt improvements that has been made upon this machine, ſince it was firſt invented, was in this manner the diſcovery of a boy who wanted to ſave his own labour.

ALL the improvements in machinery, however, have by no means been the inventions of thoſe who had occaſion to uſe the machines. Many improvements have been made by the ingenuity of the makers of the machines, when to make them became the buſineſs of a peculiar trade; and ſome by that of thoſe who are called philoſophers or men of ſpeculation, whoſe trade it is not to do any thing, but to obſerve every thing; and who, upon that account, are often capable of combining together the powers of the moſt diſtant and diſſimilar objects. In the progreſs of ſociety, philoſophy or ſpeculation becomes, like every other employment, the principal or ſole trade and occupation of a particular claſs of citizens. Like every other employment too, it is ſubdivided into a great number of different branches, each of which affords occupation to a peculiar tribe or claſs of philoſophers; and this ſubdiviſion of employment in philoſophy, as well as in every other buſineſs, improves dexterity, and ſaves time. Each individual becomes more expert in his own peculiar branch, more work is done upon the whole, and the quantity of ſcience is conſiderably increaſed by it.

IT is the great multiplication of the productions of all the different arts, in conſequence of the diviſion of labour, which occaſions, in a well-governed ſociety, that univerſal opulence which extends itſelf to the loweſt ranks of the people. Every workman has a great quantity of his own work to diſpoſe of beyond what he himſelf has occaſion for; and every other workman being exactly in the ſame ſituation, he is enabled to exchange a great quantity of his own goods for a great quantity, or, what comes to the ſame thing, for the price of a great quantity of theirs. He ſupplies them abundantly with what they have occaſion for, and they accommodate him as amply

amply with what he has occaſion for, and a general plenty diffuſes itſelf through all the different ranks of the ſociety.

OBSERVE the accommodation of the moſt common artificer or day-labourer in a civilized and thriving country, and you will perceive that the number of people of whoſe induſtry a part, though but a ſmall part, has been employed in procuring him this accommodation exceeds all computation. The woollen coat, for example, which covers the day-labourer, as coarſe and rough as it may appear, is the produce of the joint labour of a great multitude of workmen. The ſhepherd, the ſorter of the wool, the wool-comber or carder, the dyer, the ſcribbler, the ſpinner, the weaver, the fuller, the dreſſer, with many others, muſt all join their different arts in order to complete even this homely production. How many merchants and carriers, beſides, muſt have been employed in tranſporting the materials from ſome of thoſe workmen to others who often live in a very diſtant part of the country! how much commerce and navigation in particular, how many ſhip-builders, ſailors, ſail-makers, rope-makers, muſt have been employed in order to bring together the different drugs made uſe of by the dyer, which often come from the remoteſt corners of the world! What a variety of labour too is neceſſary in order to produce the tools of the meaneſt of thoſe workmen! To ſay nothing of ſuch complicated machines as the ſhip of the ſailor, the mill of the fuller, or even the loom of the weaver, let us conſider only what a variety of labour is requiſite in order to form that very ſimple machine, the ſhears with which the ſhepherd clips the wool. The miner, the builder of the furnace for ſmelting the ore, the feller of the timber, the burner of the charcoal to be made uſe of in the ſmelting-houſe, the brick-maker, the bricklayer, the workmen who attend the furnace, the mill-wright, the forger, the ſmith, muſt all of them join their different arts in order to produce them. Were we to examine, in the ſame manner, all the different parts of his dreſs and houſehold furniture, the coarſe linen ſhirt which he wears next his ſkin, the ſhoes which cover his feet, the bed which he lies on, and all the different parts which compoſe it, the kitchen-grate at which he prepares his victuals, the coals which he makes uſe of for that purpoſe, dug from the bowels of the earth, and brought to him perhaps by a long ſea and a long land carriage, all the other utenſils of his kitchen, all the furniture of his table, the knives and forks, the earthen

or

or pewter plates upon which he ſerves up and divides his victuals, the different hands employed in preparing his bread and his beer, the glaſs window which lets in the heat and the light, and keeps out the wind and the rain, with all the knowledge and art requiſite for preparing that beautiful and happy invention, without which theſe northern parts of the world could ſcarce have afforded a very comfortable habitation, together with the tools of all the different workmen employed in producing thoſe different conveniencies; if we examine, I ſay, all theſe things, and conſider what a variety of labour is employed about each of them, we ſhall be ſenſible that without the aſſiſtance and co-operation of many thouſands, the very meaneſt perſon in a civilized country could not be provided, even according to, what we very falſely imagine, the eaſy and ſimple manner in which he is commonly accommodated. Compared, indeed, with the more extravagant luxury of the great, his accommodation muſt no doubt appear extremely ſimple and eaſy; and yet it may be true, perhaps, that the accommodation of an European prince does not always ſo much exceed that of an induſtrious and frugal peaſant, as the accommodation of the latter exceeds that of many an African king, the abſolute maſter of the lives and liberties of ten thouſand naked ſavages.

CHAP.

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CHAP. II.

Of the Principle which gives Occaſion to the Diviſion of Labour.

THIS diviſion of labour, from which ſo many advantages are derived, is not originally the effect of any human wiſdom, which foreſees and intends that general opulence to which it gives occaſion. It is the neceſſary, though very ſlow and gradual conſequence of a certain propenſity in human nature which has in view no ſuch extenſive utility; the propenſity to truck, barter, and exchange one thing for another.

WHETHER this propenſity be one of thoſe original principles in human nature, of which no further account can be given; or whether, as ſeems more probable, it be the neceſſary conſequence of the faculties of reaſon and ſpeech, it belongs not to our preſent ſubject to enquire. It is common to all men, and to be found in no other race of animals, which ſeem to know neither this nor any other ſpecies of contracts. Two greyhounds, in running down the ſame hare, have ſometimes the appearance of acting in ſome ſort of concert. Each turns her towards his companion, or endeavours to intercept her when his companion turns her towards himſelf. This, however, is not the effect of any contract, but of the accidental concurrence of their paſſions in the ſame object at that particular time. Nobody ever ſaw a dog make a fair and deliberate exchange of one bone for another with another dog. Nobody ever ſaw one animal by its geſtures and natural cries ſignify to another, this is mine, that yours; I am willing to give this for that. When an animal wants to obtain ſomething either of a man or of another animal, it has no other means of perſuaſion but to gain the favour of thoſe whoſe ſervice it requires. A puppy fawns upon its dam, and a ſpaniel endeavours by a thouſand attractions to engage the attention of its maſter who is at dinner, when it wants to be fed by him. Man ſometimes uſes the ſame arts with his brethren, and when he has no other means of

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of engaging them to act according to his inclinations, endeavours by every servile and fawning attention to obtain their good will. He has not time, however, to do this upon every occasion. In civilized society he stands at all times in need of the co-operation and assistance of great multitudes, while his whole life is scarce sufficient to gain the friendship of a few persons. In almost every other race of animals, each individual, when it is grown up to maturity, is intirely independent, and in its natural state has occasion for the assistance of no other living creature. But man has almost constant occasion for the help of his brethren, and it is in vain for him to expect it from their benevolence only. He will be more likely to prevail if he can interest their self-love in his favour, and shew them that it is for their own advantage to do for him what he requires of them. Whoever offers to another a bargain of any kind, proposes to do this. Give me that which I want, and you shall have this which you want, is the meaning of every such offer; and it is in this manner that we obtain from one another the far greater part of those good offices which we stand in need of. It is not from the benevolence of the butcher, the brewer, or the baker, that we expect our dinner, but from their regard to their own interest. We address ourselves, not to their humanity but to their self-love, and never talk to them of our own necessities but of their advantages. Nobody but a beggar chuses to depend chiefly upon the benevolence of his fellow-citizens. Even a beggar does not depend upon it entirely. The charity of well-disposed people, indeed, supplies him with the whole fund of his subsistence. But though this principle ultimately provides him with all the necessaries of life which he has occasion for, it neither does nor can provide him with them as he has occasion for them. The greater part of his occasional wants are supplied in the same manner as those of other people, by treaty, by barter, and by purchase. With the money which one man gives him he purchases food. The old cloaths which another bestows upon him he exchanges for other old cloaths which suit him better, or for lodging, or for food, or for money, with which he can buy either food, cloaths, or lodging, as he has occasion.

As it is by treaty, by barter, and by purchase, that we obtain from one another the greater part of those mutual good offices which we stand in need of, so it is this same trucking disposition which originally gives occasion to the division of labour:

labour. In a tribe of hunters or ſhepherds a particular perſon makes bows and arrows, for example, with more readineſs and dexterity than any other. He frequently exchanges them for cattle or for veniſon with his companions; and he finds at laſt that he can in this manner get more cattle and veniſon, than if he himſelf went to the field to catch them. From a regard to his own intereſt, therefore, the making of bows and arrows grows to be his chief buſineſs, and he becomes a ſort of armourer. Another excels in making the frames and covers of their little huts or moveable houſes. He is accuſtomed to be of uſe in this way to his neighbours, who reward him in the ſame manner with cattle and with veniſon, till at laſt he finds it his intereſt to dedicate himſelf entirely to this employment, and to become a ſort of houſe-carpenter. In the ſame manner a third becomes a ſmith or a brazier, a fourth a tanner or dreſſer of hides or ſkins, the principal part of the clothing of ſavages. And thus the certainty of being able to exchange all that ſurplus part of the produce of his own labour, which is over and above his own conſumption, for ſuch parts of the produce of other men's labour as he may have occaſion for, encourages every man to apply himſelf to a particular occupation, and to cultivate and bring to perfection whatever talent or genius he may poſſeſs for that particular ſpecies of buſineſs.

The difference of natural talents in different men is, in reality, much leſs than we are aware of; and the very different genius which appears to diſtinguiſh men of different profeſſions, when grown up to maturity, is not upon many occaſions ſo much the cauſe, as the effect of the diviſion of labour. The difference between the moſt diſſimilar characters, between a philoſopher and a common ſtreet porter, for example, ſeems to ariſe not ſo much from nature, as from habit, cuſtom, and education. When they came into the world, and for the firſt ſix or eight years of their exiſtence, they were very much alike, and neither their parents nor play-fellows could perceive any remarkable difference. About that age, or ſoon after, they come to be employed in very different occupations. The difference of talents comes then to be taken notice of, and widens by degrees, till at laſt the vanity of the philoſopher is willing to acknowledge ſcarce any reſemblance. But without the diſpoſition to truck, barter, and exchange, every man muſt have procured to himſelf every neceſſary and conveniency of life which he wanted.

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All muſt have had the ſame duties to perform, and the ſame work to do, and there could have been no ſuch difference of employment as could alone give occaſion to any great difference of talents.

As it is this diſpoſition which forms that difference of talents, ſo remarkable among men of different profeſſions, ſo it is this ſame diſpoſition which renders that difference uſeful. Many tribes of animals acknowledged to be all of the ſame ſpecies, derive from nature a much more remarkable diſtinction of genius, than what, antecedent to cuſtom and education, appears to take place among men. By nature a philoſopher is not in genius and diſpoſition half ſo different from a ſtreet porter, as a maſtiff is from a greyhound, or a greyhound from a ſpaniel, or this laſt from a ſhepherd's dog. Thoſe different tribes of animals, however, though all of the ſame ſpecies, are of ſcarce any uſe to one another. The ſtrength of the maſtiff is not, in the leaſt, ſupported either by the ſwiftneſs of the greyhound, or by the ſagacity of the ſpaniel, or by the docility of the ſhepherd's dog. The effects of thoſe different geniuſes and talents, for want of the power or diſpoſition to barter and exchange, cannot be brought into a common ſtock, and do not in the leaſt contribute to the better accommodation and conveniency of the ſpecies. Each animal is ſtill obliged to ſupport and defend itſelf, ſeparately and independently, and derives no ſort of advantage from that variety of talents with which nature has diſtinguiſhed its fellows. Among men, on the contrary, the moſt diſſimilar geniuſes are of uſe to one another; the different produces of their reſpective talents, by the general diſpoſition to truck, barter, and exchange, being brought, as it were, into a common ſtock, where every man may purchaſe whatever part of the produce of other men's talents he has occaſion for.

CHAP. III.

That the Diviſion of Labour is limited by the Extent of the Market.

AS it is the power of exchanging that gives occaſion to the diviſion of labour, ſo the extent of this diviſion muſt always be limited by the extent of that power, or, in other words, by the extent of the market. When the market is very ſmall, no perſon can have any encouragement to dedicate himſelf entirely to one employment, for want of the power to exchange all that ſurplus part of the produce of his own labour, which is over and above his own conſumption, for ſuch parts of the produce of other men's labour as he has occaſion for.

THERE are ſome ſorts of induſtry, even of the loweſt kind, which can be carried on no where but in a great town. A porter, for example, can find employment and ſubſiſtence in no other place. A village is by much too narrow a ſphere for him; even an ordinary market town is ſcarce large enough to afford him conſtant occupation. In the lone houſes and very ſmall villages which are ſcattered about in ſo deſert a country as the Highlands of Scotland, every farmer muſt be butcher, baker and brewer for his own family. In ſuch ſituations we can ſcarce expect to find even a ſmith, a carpenter, or a maſon, within leſs than twenty miles of another of the ſame trade. The ſcattered families that live at eight or ten miles diſtance from the neareſt of them, muſt learn to perform themſelves a great number of little pieces of work, for which, in more populous countries, they would call in the aſſiſtance of thoſe workmen. Country workmen are almoſt every where obliged to apply themſelves to all the different branches of induſtry that have ſo much affinity to one another as to be employed about the ſame ſort of materials. A country carpenter deals in every ſort of work that is made of wood: a country ſmith in every ſort of work that is made of iron. The former is not only a carpenter, but a joiner, a cabinet-

cabinet-maker, and even a carver in wood, as well as a wheel-wright, a plough-wright, a cart and waggon maker. The employments of the latter are ſtill more various. It is impoſſible there ſhould be ſuch a trade as even that of a nailer in the remote and inland parts of the Highlands of Scotland. Such a workman at the rate of a thouſand nails a day, and three hundred working days in the year, will make three hundred thouſand nails in the year. But in ſuch a ſituation it would be impoſſible to diſpoſe of one thouſand, that is, of one day's work in the year.

As by means of water-carriage a more extenſive market is opened to every ſort of induſtry than what land-carriage alone can afford it, ſo it is upon the ſea-coaſt, and along the banks of navigable rivers, that induſtry of every kind naturally begins to ſubdivide and improve itſelf, and it is frequently not till a long time after that thoſe improvements extend themſelves to the inland parts of the country. A broad-wheeled waggon, attended by two men, and drawn by eight horſes, in about ſix weeks time carries and brings back between London and Edinburgh near four ton weight of goods. In about the ſame time a ſhip navigated by ſix or eight men, and ſailing between the ports of London and Leith, frequently carries and brings back two hundred ton weight of goods. Six or eight men, therefore, by the help of water-carriage, can carry and bring back in the ſame time the ſame quantity of goods between London and Edinburgh, as fifty broad-wheeled waggons, attended by a hundred men, and drawn by four hundred horſes. Upon two hundred tons of goods, therefore, carried by the cheapeſt land-carriage from London to Edinburgh, there muſt be charged the maintenance of a hundred men for three weeks, and both the maintenance, and, what is nearly equal to the maintenance, the wear and tear of four hundred horſes as well as of fifty great waggons. Whereas, upon the ſame quantity of goods carried by water, there is to be charged only the maintenance of ſix or eight men, and the wear and tear of a ſhip of two hundred tons burden, together with the value of the ſuperior riſk, or the difference of the inſurance between land and water-carriage. Were there no other communication between thoſe two places, therefore, but by land-carriage, as no goods could be tranſported from the one to the other, except ſuch whoſe price was very conſiderable in proportion to their weight, they could carry on but a ſmall part of that commerce which

at preſent ſubſiſts between them, and conſequently could give but a ſmall part of that encouragement which they at preſent mutually afford to each other's induſtry. There could be little or no commerce of any kind between the diſtant parts of the world. What goods could bear the expence of land-carriage between London and Calcutta? Or if there were any ſo precious as to be able to ſupport this expence, with what ſafety could they be tranſported through the territories of ſo many barbarous nations? Thoſe two cities, however, at preſent carry on a very conſiderable commerce with each other, and by mutually affording a market, give a good deal of encouragement to each other's induſtry.

SINCE ſuch, therefore, are the advantages of water-carriage, it is natural that the firſt improvements of art and induſtry ſhould be made where this conveniency opens the whole world for a market to the produce of every ſort of labour, and that they ſhould always be much later in extending themſelves into the inland parts of the country. The inland parts of the country can for a long time have no other market for the greater part of their goods, but the country which lies round about them, and ſeparates them from the ſea-coaſt, and the great navigable rivers. The extent of their market, therefore, muſt for a long time be in proportion to the riches and populouſneſs of that country, and conſequently their improvement muſt always be poſterior to the improvement of that country. In our North American colonies the plantations have conſtantly followed either the ſea-coaſt or the banks of the navigable rivers, and have ſcarce any where extended themſelves to any conſiderable diſtance from both.

THE nations that, according to the beſt authenticated hiſtory, appear to have been firſt civilized, were thoſe that dwelt round the coaſt of the Mediterranean ſea. That ſea, by far the greateſt inlet that is known in the world, having no tides, nor conſequently any waves except ſuch as are cauſed by the wind only, was, by the ſmoothneſs of its ſurface, as well as by the multitude of its iſlands, and the proximity of its neighbouring ſhores, extremely favourable to the infant navigation of the world; when, from their ignorance of the compaſs, men were afraid to quit the view of the coaſt, and from the imperfection of the art of ſhip-building,

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to abandon themſelves to the boiſterous waves of the ocean. To paſs beyond the pillars of Hercules, that is, to ſail out of the Streights of Gibraltar, was, in the antient world, long conſidered as a moſt wonderful and dangerous exploit of navigation. It was late before even the Phenicians and Carthaginians, the moſt ſkilful navigators and ſhip-builders of thoſe old times, attempted it, and they were for a long time the only nations that did attempt it.

Of all the countries on the coaſt of the Mediterranean ſea, Egypt ſeems to have been the firſt in which either agriculture or manufactures were cultivated and improved to any conſiderable degree. Upper Egypt extends itſelf nowhere above a few miles from the Nile, and in Lower Egypt that great river breaks itſelf into many different canals, which, with the aſſiſtance of a little art, ſeem to have afforded a communication by water-carriage, not only between all the great towns, but between all the conſiderable villages, and even to many farm-houſes in the country; nearly in the ſame manner as the Rhine and the Maeſe do in Holland at preſent. The extent and eaſineſs of this inland navigation was probably one of the principal cauſes of the early improvement of Egypt.

The improvements in agriculture and manufactures ſeem likewiſe to have been of very great antiquity in the provinces of Bengal in the Eaſt Indies, and in ſome of the eaſtern provinces of China; though the great extent of this antiquity is not authenticated by any hiſtories of whoſe authority we, in this part of the world, are well aſſured. In Bengal the Ganges and ſeveral other great rivers form a great number of navigable canals in the ſame manner as the Nile does in Egypt. In the Eaſtern provinces of China too, ſeveral great rivers form, by their different branches, a multitude of canals, and by communicating with one another afford an inland navigation much more extenſive than that either of the Nile or the Ganges, or perhaps than both of them put together. It is remarkable that neither the antient Egyptians, nor the Indians, nor the Chineſe, encouraged foreign commerce, but ſeem all to have derived their great opulence from this inland navigation.

All the inland parts of Africa, and all that part of Aſia which lies any conſiderable way north of the Euxine and Caſpian

Caſpian ſeas, the antient Scythia, the modern Tartary and Siberia, ſeem in all ages of the world to have been in the ſame barbarous and uncivilized ſtate in which we find them at preſent. The ſea of Tartary is the frozen ocean which admits of no navigation, and though ſome of the greateſt rivers in the world run through that country, they are at too great a diſtance from one another to carry commerce and communication through the greater part of it. There are in Africa none of thoſe great inlets, ſuch as the Baltic and Adriatic ſeas in Europe, the Mediterranean and Euxine ſeas in both Europe and Aſia, and the gulphs of Arabia, Perſia, India, Bengal, and Siam, in Aſia, to carry maritime commerce into the interior parts of that great continent: and the great rivers of Africa are at too great a diſtance from one another to give occaſion to any conſiderable inland navigation. The commerce beſides which any nation can carry on by means of a river which does not break itſelf into any great number of branches or canals, and which runs into another territory before it reaches the ſea, can never be very conſiderable; becauſe it is always in the power of the nations who poſſeſs that other territory to obſtruct the communication between the upper country and the ſea. The navigation of the Danube is of very little uſe to the different ſtates of Bavaria, Auſtria and Hungary, in compariſon of what it would be if any of them poſſeſſed the whole of its courſe till it falls into the Black Sea.

CHAP.

CHAP. IV.

Of the Origin and Use of Money.

WHEN the division of labour has been once thoroughly established, it is but a very small part of a man's wants which the produce of his own labour can supply. He supplies the far greater part of them by exchanging that surplus part of the produce of his own labour, which is over and above his own consumption, for such parts of the produce of other men's labour as he has occasion for. Every man thus lives by exchanging, or becomes in some measure a merchant, and the society itself grows to be what is properly a commercial society.

BUT when the division of labour first began to take place, this power of exchanging must frequently have been very much clogged and embarrassed in its operations. One man, we shall suppose, has more of a certain commodity than he himself has occasion for, while another has less. The former consequently would be glad to dispose of, and the latter to purchase, a part of this superfluity. But if this latter should chance to have nothing that the former stands in need of, no exchange can be made between them. The butcher has more meat in his shop than he himself can consume, and the brewer and the baker would each of them be willing to purchase a part of it. But they have nothing to offer in exchange, except the different productions of their respective trades, and the butcher is already provided with all the bread and beer which he has immediate occasion for. No exchange can, in this case, be made between them. He cannot be their merchant, nor they his customers; and they are all of them thus mutually less serviceable to one another. In order to avoid the inconveniency of such situations, every prudent man in every period of society, after the first establishment of the division of labour, must naturally have endeavoured to manage his affairs in such a manner, as to have at all times by him, besides the peculiar produce of his own industry, a certain quantity

quantity of ſome one commodity or other, ſuch as he imagined few people would be likely to refuſe in exchange for the produce of their induſtry.

Many different commodities, it is probable, were ſucceſſively both thought of and employed for this purpoſe. In the rude ages of ſociety, cattle are ſaid to have been the common inſtrument of commerce; and, though they muſt have been a moſt inconvenient one, yet in old times we find things were frequently valued according to the number of cattle which had been given in exchange for them. The armour of Diomede, ſays Homer, coſt only nine oxen; but that of Glaucus coſt an hundred oxen. Salt is ſaid to be the common inſtrument of commerce and exchanges in Abyſſinia; a ſpecies of ſhells in ſome parts of the coaſt of India; dried cod at Newfoundland; tobacco in Virginia; ſugar in ſome of our Weſt India colonies; hides or dreſſed leather in ſome other countries; and there is at this day a village in Scotland where it is not uncommon, I am told, for a workman to carry nails inſtead of money to the baker's ſhop or the ale-houſe.

In all countries, however, men ſeem at laſt to have been determined by irreſiſtible reaſons to give the preference, for this employment, to metals above every other commodity. Metals can not only be kept with as little loſs as any other commodity, ſcarce any thing being leſs periſhable than they are, but they can likewiſe, without any loſs, be divided into any number of parts, as by fuſion thoſe parts can eaſily be reunited again; a quality which no other equally durable commodities poſſeſs, and which more than any other quality renders them fit to be the inſtruments of commerce and circulation. The man who wanted to buy ſalt, for example, and had nothing but cattle to give in exchange for it, muſt have been obliged to buy ſalt to the value of a whole ox, or a whole ſheep at a time. He could ſeldom buy leſs than this, becauſe what he was to give for it could ſeldom be divided without loſs; and if he had a mind to buy more, he muſt, for the ſame reaſons, have been obliged to buy double or triple the quantity, the value, to wit, of two or three oxen, or of two or three ſheep. If, on the contrary, inſtead of ſheep or oxen, he had metals to give in exchange for it, he could eaſily proportion the quantity of the metal to the preciſe

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cife quantity of the commodity which he had immediate occafion for.

DIFFERENT metals have been made ufe of by different nations for this purpofe. Iron was the common inftrument of commerce among the antient Spartans; copper among the antient Romans; and gold and filver among all rich and commercial nations.

THOSE metals feem originally to have been made ufe of for this purpofe in rude bars, without any ftamp or coinage. Thus we are told by Pliny *, upon the authority of Timæus, an antient hiftorian, that, till the time of Servius Tullius, the Romans had no coined money, but made ufe of unftamped bars of copper to purchafe whatever they had occafion for. Thefe rude bars, therefore, performed at this time the function of money.

THE ufe of metals in this rude ftate was attended with two very confiderable inconveniencies; firft, with the trouble of weighing; and, fecondly, with that of affaying them. In the precious metals, where a fmall difference in the quantity makes a great difference in the value, even the bufinefs of weighing, with proper exactnefs, requires at leaft very accurate weights and fcales. The weighing of gold in particular is an operation of fome nicety. In the coarfer metals, indeed, where a fmall error would be of little confequence, lefs accuracy would, no doubt, be neceffary. Yet we fhould find it exceffively troublefome, if every time a poor man had occafion either to buy or fell a farthing's worth of goods, he was obliged to weigh the farthing. The operation of affaying is ftill more difficult, ftill more tedious, and, unlefs a part of the metal is fairly melted in the crucible, with proper diffolvents, any concluſion that can be drawn from it, is extremely uncertain. Before the inftitution of coined money, however, unlefs they went through this tedious and difficult operation, people muft always have been liable to the groffeft frauds and impofitions, and inftead of a pound weight of pure filver, or pure copper, might receive in exchange for their goods, an adulterated compofition of the coarfeft and cheapeft materials, which had, however, in their outward appearance, been made to refemble thofe metals. To prevent

* Plin. Hift. Nat. lib. 33. cap. 3.

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vent ſuch abuſes, to facilitate exchanges, and thereby to encourage all ſorts of induſtry and commerce, it has been found neceſſary, in all countries, that have made any conſiderable advances towards improvement, to affix a public ſtamp upon certain quantities of ſuch particular metals, as were in thoſe countries commonly made uſe of to purchaſe goods. Hence the origin of coined money, and of thoſe public offices called mints; inſtitutions exactly of the ſame nature with thoſe of the alnagers and ſtampmaſters of woollen and linen cloth. All of them are equally meant to aſcertain, by means of a public ſtamp, the quantity and uniform goodneſs of thoſe different commodities when brought to market.

The firſt public ſtamps of this kind that were affixed to the current metals, ſeem in many caſes to have been intended to aſcertain, what it was both moſt difficult and moſt important to aſcertain, the goodneſs or fineneſs of the metal, and to have reſembled the ſterling mark which is at preſent affixed to plate and bars of ſilver, or the Spaniſh mark which is ſometimes affixed to ingots of gold, and which being ſtruck only upon one ſide of the piece, and not covering the whole ſurface, aſcertains the fineneſs, but not the weight of the metal. Abraham weighs to Ephron the four hundred ſhekels of ſilver which he had agreed to pay for the field of Machpelah. They are ſaid however to be the current money of the merchant, and yet are received by weight and not by tale, in the ſame manner as ingots of gold and bars of ſilver are at preſent. The revenues of the antient Saxon kings of England are ſaid to have been paid, not in money but in kind, that is, in victuals and proviſions of all ſorts. William the Conqueror introduced the cuſtom of paying them in money. This money, however, was, for a long time, received at the exchequer, by weight and not by tale.

The inconvenience and difficulty of weighing thoſe metals with exactneſs gave occaſion to the inſtitution of coins, of which the ſtamp, covering entirely both ſides of the piece and ſometimes the edges too, was ſuppoſed to aſcertain not only the fineneſs, but the weight of the metal. Such coins, therefore, were received by tale as at preſent, without the trouble of weighing.

The denominations of thoſe coins ſeem originally to have expreſſed the weight or quantity of metal contained in them. In

In the time of Servius Tullius, who firſt coined money at Rome, the Roman As or Pondo contained a Roman pound of good copper. It was divided in the ſame manner as our Troyes pound, into twelve ounces, each of which contained a real ounce of good copper. The Engliſh pound ſterling, in the time of Edward I., contained a pound, Tower weight, of ſilver of a known fineneſs. The Tower pound ſeems to have been ſomething more than the Roman pound, and ſomething leſs than the Troyes pound. This laſt was not introduced into the mint of England till the 18th of Henry VIII. The French livre contained in the time of Charlemagne a pound, Troyes weight, of ſilver of a known fineneſs. The fair of Troyes in Champaign was at that time frequented by all the nations of Europe, and the weights and meaſures of ſo famous a market were generally known and eſteemed. The Scots money pound contained, from the time of Alexander I. to that of Robert Bruce, a pound of ſilver of the ſame weight and fineneſs with the Engliſh pound ſterling. Engliſh, French, and Scots pennies too, contained all of them originally a real pennyweight of ſilver, the twentieth part of an ounce, and the two-hundred-and-fortieth part of a pound. The ſhilling too ſeems originally to have been the denomination of a weight. *When wheat is at twelve ſhillings the quarter*, ſays an antient ſtatute of Henry III. *then waſtel bread of a farthing ſhall weigh eleven ſhillings and four pence.* The proportion, however, between the ſhilling and either the penny on the one hand, or the pound on the other, ſeems not to have been ſo conſtant and uniform as that between the penny and the pound. During the firſt race of the kings of France, the French ſou or ſhilling appears upon different occaſions to have contained five, twelve, twenty, and forty pennies. Among the antient Saxons a ſhilling appears at one time to have contained only five pennies, and it is not improbable that it may have been as variable among them as among their neighbours, the antient Franks. From the time of Charlemagne among the French, and from that of William the Conqueror among the Engliſh, the proportion between the pound, the ſhilling, and the penny, ſeems to have been uniformly the ſame as at preſent, though the value of each has been very different. For in every country of the world, I believe, the avarice and injuſtice of princes and ſovereign ſtates, abuſing the confidence of their ſubjects, have by degrees diminiſhed the real quantity of metal, which had been originally contained in their coins. The Roman As, in the

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latter ages of the Republick, was reduced to the twenty-fourth part of its original value, and, inſtead of weighing a pound, came to weigh only half an ounce. The Engliſh pound and penny contain at preſent about a third only; the Scots pound and penny about a thirty-ſixth; and the French pound and penny about a ſixty-ſixth part of their original value. By means of thoſe operations the princes and ſovereign ſtates which performed them were enabled, in appearance, to pay their debts and to fulfil their engagements with a ſmaller quantity of ſilver than would otherwiſe have been requiſite. It was indeed in appearance only; for their creditors were really defrauded of a part of what was due to them. All other debtors in the ſtate were allowed the ſame privilege, and might pay with the ſame nominal ſum of the new and debaſed coin whatever they had borrowed in the old. Such operations, therefore, have always proved favourable to the debtor, and ruinous to the creditor, and have ſometimes produced a greater and more univerſal revolution in the fortunes of private perſons, than could have been occaſioned by a very great public calamity.

IT is in this manner that money has become in all civilized nations the univerſal inſtrument of commerce, by the intervention of which goods of all kinds are bought and ſold, or exchanged for one another.

WHAT are the rules which men naturally obſerve in exchanging them either for money or for one another, I ſhall now proceed to examine. Theſe rules determine what may be called the relative or exchangeable value of goods.

THE word VALUE, it is to be obſerved, has two different meanings, and ſometimes expreſſes the utility of ſome particular object, and ſometimes the power of purchaſing other goods which the poſſeſſion of that object conveys. The one may be called "value in uſe;" the other, "value in exchange." The things which have the greateſt value in uſe have frequently little or no value in exchange; and, on the contrary, thoſe which have the greateſt value in exchange have frequently little or no value in uſe. Nothing is more uſeful than water: but it will purchaſe ſcarce any thing; ſcarce any thing can be had in exchange for it. A diamond, on the contrary, has ſcarce any value in uſe; but a very great

great quantity of other goods may frequently be had in exchange for it.

In order to inveſtigate the principles which regulate the exchangeable value of commodities, I ſhall endeavour to ſhew,

FIRST, what is the real meaſure of this exchangeable value; or, wherein conſiſts the real price of all commodities.

SECONDLY, what are the different parts of which this real price is compoſed or made up.

AND, laſtly, what are the different circumſtances which ſometimes raiſe ſome or all of theſe different parts of price above, and ſometimes ſink them below their natural or ordinary rate; or, what are the cauſes which ſometimes hinder the market price, that is, the actual price of commodities, from coinciding exactly with what may be called their natural price.

I SHALL endeavour to explain, as fully and diſtinctly as I can, thoſe three ſubjects in the three following chapters, for which I muſt very earneſtly entreat both the patience and attention of the reader: his patience in order to examine a detail which may perhaps in ſome places appear unneceſſarily tedious; and his attention in order to underſtand what may, perhaps, after the fulleſt explication which I am capable of giving of it, appear ſtill in ſome degree obſcure. I am always willing to run ſome hazard of being tedious in order to be ſure that I am perſpicuous; and after taking the utmoſt pains that I can to be perſpicuous, ſome obſcurity may ſtill appear to remain upon a ſubject in its own nature extremely abſtracted.

CHAP.

CHAP. V.

Of the real and nominal Price of Commodities, or of their Price in Labour, and their Price in Money.

EVERY man is rich or poor according to the degree in which he can afford to enjoy the neceſſaries, conveniencies, and amuſements of human life. But after the diviſion of labour has once thoroughly taken place, it is but a very ſmall part of theſe with which a man's own labour can ſupply him. The far greater part of them he muſt derive from the labour of other people, and he muſt be rich or poor according to the quantity of that labour which he can command, or which he can afford to purchaſe. The value of any commodity, therefore, to the perſon who poſſeſſes it, and who means not to uſe or conſume it himſelf, but to exchange it for other commodities, is equal to the quantity of labour which it enables him to purchaſe or command. Labour, therefore, is the real meaſure of the exchangeable value of all commodities.

THE real price of every thing, what every thing really coſts to the man who wants to acquire it, is the toil and trouble of acquiring it. What every thing is really worth to the man who has acquired it, and who wants to diſpoſe of it or exchange it for ſomething elſe, is the toil and trouble which it can ſave to himſelf, and which it can impoſe upon other people. What is bought with money or with goods is purchaſed by labour as much as what we acquire by the toil of our own body. That money or thoſe goods indeed ſave us this toil. They contain the value of a certain quantity of labour which we exchange for what is ſuppoſed at the time to contain the value of an equal quantity. Labour was the firſt price, the original purchaſe-money that was paid for all things. It was not by gold or by ſilver, but by labour, that all the wealth of the world was originally purchaſed; and its value, to thoſe who poſſeſs it and who want to exchange it for ſome new productions, is preciſely equal to the quantity of labour which it can enable them to purchaſe or command.

WEALTH,

WEALTH, as Mr. Hobbes ſays, is power. But the perſon who either acquires, or ſucceeds to a great fortune, does not neceſſarily acquire or ſucceed to any political power, either civil or military. His fortune may, perhaps, afford him the means of acquiring both, but the mere poſſeſſion of that fortune does not neceſſarily convey to him either. The power which that poſſeſſion immediately and directly conveys to him, is the power of purchaſing; a certain command over all the labour, or over all the produce of labour which is then in the market. His fortune is greater or leſs, preciſely in proportion to the extent of this power; or to the quantity either of other men's labour, or, what is the ſame thing, of the produce of other men's labour, which it enables him to purchaſe or command. The exchangeable value of every thing muſt always be preciſely equal to the extent of this power which it conveys to its owner.

BUT though labour be the real meaſure of the exchangeable value of all commodities, it is not that by which their value is commonly eſtimated. It is often difficult to aſcertain the proportion between two different quantities of labour. The time ſpent in two different ſorts of work will not always alone determine this proportion. The different degrees of hardſhip endured, and of ingenuity exerciſed, muſt likewiſe be taken into account. There may be more labour in an hour's hard work than in two hours eaſy buſineſs; or in an hour's application to a trade which it coſt ten years labour to learn, than in a month's induſtry at an ordinary and obvious employment. But it is not eaſy to find any accurate meaſure either of hardſhip or ingenuity. In exchanging indeed the different productions of different ſorts of labour for one another, ſome allowance is commonly made for both. It is adjuſted, however, not by any accurate meaſure, but by the higgling and bargaining of the market, according to that ſort of rough equality which, though not exact, is ſufficient for carrying on the buſineſs of common life.

EVERY commodity beſides, is more frequently exchanged for, and thereby compared with, other commodities than with labour. It is more natural, therefore, to eſtimate its exchangeable value by the quantity of ſome other commodity than by that of the labour which it can purchaſe. The greater part of people too underſtand better what is meant by a quantity of a particular commodity, than by a quantity of labour.

labour. The one is a plain palpable object; the other an abſtract notion, which, though it can be made ſufficiently intelligible, is not altogether ſo natural and obvious.

But when barter ceaſes, and money has become the common inſtrument of commerce, every particular commodity is more frequently exchanged for money than for any other commodity. The butcher ſeldom carries his beef or his mutton to the baker, or the brewer, in order to exchange them for bread or for beer, but he carries them to the market, where he exchanges them for money, and afterwards exchanges that money for bread and for beer. The quantity of money which he gets for them regulates too the quantity of bread and beer which he can afterwards purchaſe. It is more natural and obvious to him, therefore, to eſtimate their value by the quantity of money, the commodity for which he immediately exchanges them, than by that of bread and beer, the commodities for which he can exchange them only by the intervention of another commodity; and rather to ſay that his butcher's meat is worth threepence or fourpence a pound, than that it is worth three or four pounds of bread, or three or four quarts of ſmall beer. Hence it comes to paſs, that the exchangeable value of every commodity is more frequently eſtimated by the quantity of money, than by the quantity either of labour or of any other commodity which can be had in exchange for it.

Gold and ſilver, however, like every other commodity, vary in their value, are ſometimes cheaper and ſometimes dearer, ſometimes of eaſier and ſometimes of more difficult purchaſe. The quantity of labour which any particular quantity of them can purchaſe or command, or the quantity of other goods which it will exchange for, depends always upon the fertility or barrenneſs of the mines which happen to be known about the time when ſuch exchanges are made. The diſcovery of the abundant mines of America reduced, in the ſixteenth century, the value of gold and ſilver in Europe to about a third of what it had been before. As it coſt leſs labour to bring thoſe metals from the mine to the market, ſo when they were brought thither they could purchaſe or command leſs labour; and this revolution in their value, though perhaps the greateſt, is by no means the only one of which hiſtory gives ſome account. But as a meaſure of quantity, ſuch as the natural foot, fathom or handful, which is continually

by varying in its own quantity, can never be an accurate measure of the quantity of other things; ſo a commodity which is itſelf continually varying in its own value, can never be an accurate meaſure of the value of other commodities. Equal quantities of labour, at all times and places, may be ſaid to be of equal value to the labourer. In his ordinary ſtate of health, ſtrength and ſpirits; in the ordinary degree of his ſkill and dexterity, he muſt always lay down the ſame portion of his eaſe, his liberty, and his happineſs. The price which he pays muſt always be the ſame, whatever may be the quantity of goods which he receives in return for it. Of theſe, indeed it may ſometimes purchaſe a greater and ſometimes a ſmaller quantity; but it is their value which varies, not that of the labour which purchaſes them. At all times and places that is dear which it is difficult to come at, or which it coſts much labour to acquire; and that cheap which is to be had eaſily, or with very little labour. Labour alone, therefore, never varying in its own value, is alone the ultimate and real ſtandard by which the value of all commodities can at all times and places be eſtimated and compared. It is their real price; money is their nominal price only.

But though equal quantities of labour are always of equal value to the labourer, yet to the perſon who employs him they appear ſometimes to be of greater and ſometimes of ſmaller value. He purchaſes them ſometimes with a greater and ſometimes with a ſmaller quantity of goods, and to him the price of labour ſeems to vary like that of all other things. It appears to him dear in the one caſe, and cheap in the other. In reality, however, it is the goods which are cheap in the one caſe, and dear in the other.

In this popular ſenſe, therefore, labour, like commodities, may be ſaid to have a real and a nominal price. Its real price may be ſaid to conſiſt in the quantity of the neceſſaries and conveniencies of life which are given for it; its nominal price, in the quantity of money. The labourer is rich or poor, is well or ill rewarded, in proportion to the real, not to the nominal price of his labour.

The diſtinction between the real and the nominal price of commodities and labour, is not a matter of mere ſpeculation, but may ſometimes be of conſiderable uſe in practice. The ſame real price is always of the ſame value; but on ac-

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count of the variations in the value of gold and ſilver, the ſame nominal price is ſometimes of very different values. When a landed eſtate, therefore, is ſold with a reſervation of a perpetual rent, if it is intended that this rent ſhould always be of the ſame value, it is of importance to the family in whoſe favour it is reſerved, that it ſhould not conſiſt in a particular ſum of money. Its value would in this caſe be liable to variations of two different kinds; firſt, to thoſe which ariſe from the different quantities of gold and ſilver which are contained at different times in coin of the ſame denomination; and, ſecondly, to thoſe which ariſe from the different values of equal quantities of gold and ſilver at different times.

PRINCES and ſovereign ſtates have frequently fancied that they had a temporary intereſt to diminiſh the quantity of pure metal contained in their coins; but they ſeldom have fancied that they had any to augment it. The quantity of metal contained in the coins, I believe of all nations has, accordingly, been almoſt continually diminiſhing, and hardly ever augmenting. Such variations therefore tend almoſt always to diminiſh the value of a money rent.

THE diſcovery of the mines of America diminiſhed the value of gold and ſilver in Europe. This diminution, it is commonly ſuppoſed, though, I apprehend, without any certain proof, is ſtill going on gradually, and is likely to continue to do ſo for a long time. Upon this ſuppoſition, therefore, ſuch variations are more likely to diminiſh, than to augment the value of a money rent, (even though it ſhould be ſtipulated to be paid, not in ſuch a quantity of coined money of ſuch a denomination (in ſo many pounds ſterling, for example,) but in ſo many ounces either of pure ſilver, or of ſilver of a certain ſtandard.

THE rents which have been reſerved in corn have preſerved their value much better than thoſe which have been reſerved in money, even where the denomination of the coin has not been altered. By the 18th of Elizabeth it was enacted, That a third of the rent of all college leaſes ſhould be reſerved in corn, to be paid either in kind, or according to the current prices at the neareſt public market. The money ariſing from this corn rent, though originally but a third of the whole, is in the preſent times, according to Doctor Blackſtone,

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Blackſtone, commonly near double of what ariſes from the other two-thirds. The old money rents of colleges muſt, according to this account, have ſunk almoſt to a fourth part of their ancient value; or are worth little more than a fourth part of the corn which they were formerly worth. But ſince the reign of Philip and Mary the denomination of the Engliſh coin has undergone little or no alteration, and the ſame number of pounds, ſhillings and pence have contained very nearly the ſame quantity of pure ſilver. This degradation, therefore, in the value of the money rents of colleges, has ariſen altogether from the degradation in the value of ſilver.

When the degradation in the value of ſilver is combined with the diminution of the quantity of it contained in the coin of the ſame denomination, the loſs is frequently ſtill greater. In Scotland, where the denomination of the coin has undergone much greater alterations than it ever did in England, and in France, where it has undergone ſtill greater than it ever did in Scotland, ſome ancient rents, originally of conſiderable value, have in this manner been reduced almoſt to nothing.

Equal quantities of labour will at diſtant times be purchaſed more nearly with equal quantities of corn, the ſubſiſtence of the labourer, than with equal quantities of gold and ſilver, or perhaps of any other commodity. Equal quantities of corn, therefore, will, at diſtant times, be more nearly of the ſame real value, or enable the poſſeſſor to purchaſe or command more nearly the ſame quantity of the labour of other people. They will do this, I ſay, more nearly than equal quantities of almoſt any other commodity; for even equal quantities of corn will not do it exactly. The ſubſiſtence of the labourer, or the real price of labour, as I ſhall endeavour to ſhew hereafter, is very different upon different occaſions; more liberal in a ſociety advancing to opulence than in one that is ſtanding ſtill; and in one that is ſtanding ſtill than in one that is going backwards. Every other commodity, however, will at any particular time purchaſe a greater or ſmaller quantity of labour in proportion to the quantity of ſubſiſtence which it can purchaſe at that time. A rent therefore reſerved in corn is liable only to the variations in the quantity of labour which a certain quantity of corn can purchaſe. But a rent reſerved in any other commodity is liable, not only to the variations in the quantity of labour which any particular

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quantity of corn can purchaſe, but to the variations in the quantity of corn which can be purchaſed by any particular quantity of that commodity.

THOUGH the real value of a corn rent, it is to be obſerved however, varies much leſs from century to century than that of a money rent, it varies much more from year to year. The money price of labour, as I ſhall endeavour to ſhew hereafter, does not fluctuate from year to year with the money price of corn, but ſeems to be every where accommodated, not to the temporary or occaſional, but to the average or ordinary price of that neceſſary of life. The average or ordinary price of corn again is regulated, as I ſhall likewiſe endeavour to ſhow hereafter, by the value of ſilver, by the richneſs or barrenneſs of the mines which ſupply the market with that metal, or by the quantity of labour which muſt be employed, and conſequently of corn which muſt be conſumed, in order to bring any particular quantity of ſilver from the mine to the market. But the value of ſilver, though it ſometimes varies greatly from century to century, ſeldom varies much from year to year, but frequently continues the ſame, or very nearly the ſame, for half a century or a century together. The ordinary or average money price of corn, therefore, may, during ſo long a period, continue the ſame or very nearly the ſame too, and along with it the money price of labour, provided, at leaſt, the ſociety continues, in other reſpects, in the ſame or nearly in the ſame condition. In the mean time the temporary and occaſional price of corn may frequently be double, one year, of what it had been the year before, or fluctuate, for example, from five and twenty to fifty ſhillings the quarter. But when corn is at the latter price, not only the nominal, but the real value of a corn rent will be double of what it is when at the former, or will command double the quantity either of labour or of the greater part of other commodities; the money price of labour, and along with it that of moſt other things, continuing the ſame during all theſe fluctuations.

LABOUR, therefore, it appears evidently, is the only univerſal, as well as the only accurate meaſure of value, or the only ſtandard by which we can compare the values of different commodities at all times and at all places. We cannot eſtimate, it is allowed, the real value of different commodities from century to century by the quantities of ſilver which were

were given for them. We cannot eſtimate it from year to year by the quantities of corn. By the quantities of labour we can, with the greateſt accuracy, eſtimate it both from century to century and from year to year. From century to century, corn is a better meaſure than ſilver, becauſe, from century to century, equal quantities of corn will command the ſame quantity of labour more nearly than equal quantities of ſilver. From year to year, on the contrary, ſilver is a better meaſure than corn, becauſe equal quantities of it will more nearly command the ſame quantity of labour.

BUT though in eſtabliſhing perpetual rents, or even in letting very long leaſes, it may be of uſe to diſtinguiſh between real and nominal price; it is of none in buying and ſelling, the more common and ordinary tranſactions of human life.

AT the ſame time and place the real and the nominal price of all commodities are exactly in proportion to one another. The more or leſs money you get for any commodity, in the London market, for example, the more or leſs labour it will at that time and place enable you to purchaſe or command. At the ſame time and place, therefore, money is the exact meaſure of the real exchangeable value of all commodities. It is ſo, however, at the ſame time and place only.

THOUGH at diſtant places, there is no regular proportion between the real and the money price of commodities, yet the merchant who carries goods from the one to the other has nothing to conſider but their money price or the difference between the quantity of ſilver for which he buys them, and that for which he is likely to ſell them. Half an ounce of ſilver at Canton in China may command a greater quantity both of labour and of the neceſſaries and conveniencies of life, than an ounce at London. A commodity, therefore, which ſells for half an ounce of ſilver at Canton may there be really dearer, of more real importance to the man who poſſeſſes it there, than a commodity which ſells for an ounce at London is to the man who poſſeſſes it at London. If a London merchant, however, can buy at Canton for half an ounce of ſilver, a commodity which he can afterwards ſell at London for an ounce, he gains a hundred per cent. by the bargain, juſt as much as if an ounce of ſilver was at London exactly of the ſame value as at Canton. It is of no importance to him that half an ounce of ſilver at Canton would have given him

him the command of more labour and of a greater quantity of the neceſſaries and conveniencies of life than an ounce can do at London. An ounce at London will always give him the command of double the quantity of all theſe which half an ounce could have done there, and this is precisely what he wants.

As it is the nominal or money price of goods, therefore, which finally determines the prudence or imprudence of all purchaſes and ſales, and thereby regulates almoſt the whole buſineſs of common life in which price is concerned, we cannot wonder that it ſhould have been ſo much more attended to than the real price.

In ſuch a work as this, however, it may ſometimes be of uſe to compare the different real values of a particular commodity at different times and places, or the different degrees of power over the labour of other people which it may, upon different occaſions, have given to thoſe who poſſeſſed it. We muſt in this caſe compare, not ſo much the different quantities of ſilver for which it was commonly ſold, as the different quantities of labour which thoſe different quantities of ſilver could have purchaſed. But the current prices of labour at diſtant times and places can ſcarce ever be known with any degree of exactneſs. Thoſe of corn, though they have in few places been regularly recorded, are in general better known and have been more frequently taken notice of by hiſtorians and other writers. We muſt generally, therefore, content ourſelves with them, not as being always exactly in the ſame proportion as the current prices of labour, but as being the neareſt approximation which can commonly be had to that proportion. I ſhall hereafter have occaſion to make ſeveral compariſons of this kind.

In the progreſs of induſtry, commercial nations have found it convenient to coin ſeveral different metals into money; gold for larger payments, ſilver for purchaſes of moderate value, and copper or ſome other coarſe metal, for thoſe of ſtill ſmaller conſideration. They have always, however, conſidered one of thoſe metals as more peculiarly the meaſure of value than any of the other two; and this preference ſeems generally to have been given to the metal which they happened firſt to make uſe of as the inſtrument of commerce. Having once begun to uſe it as their ſtandard, which they muſt have done when they had no other money, they have generally

rally continued to do so even when the necessity was not the same.

THE Romans are said to have had nothing but copper money till within five years before the first Punic war*, when they first began to coin silver. Copper therefore, appears to have continued always the measure of value in that republick. At Rome all accounts appear to have been kept, and the value of all estates to have been computed either in *Asses* or in *Sestertii*. The *As* was always the denomination of a copper coin. The word *Sestertius* signifies two *Asses* and a half. Though the *Sestertius*, therefore, was originally a silver coin, its value was estimated in copper. At Rome, one who owed a great deal of money, was said to have a great deal of other people's copper.

THE northern nations who established themselves upon the ruins of the Roman empire, seem to have had silver money from the first beginning of their settlements, and not to have known either gold or copper coins for several ages thereafter. There were silver coins in England in the time of the Saxons; but there was little gold coined till the time of Edward III. nor any copper till that of James I. of Great Britain. In England, therefore, and for the same reason, I believe, in all other modern nations of Europe, all accounts are kept, and the value of all goods and of all estates is generally computed in silver: and when we mean to express the amount of a person's fortune, we seldom mention the number of guineas, but the number of pounds sterling which we suppose would be given for it.

ORIGINALLY, in all countries, I believe, a legal tender of payment could be made only in the coin of that metal, which was peculiarly considered as the standard or measure of value. In England, gold was not considered as a legal tender for a long time after it was coined into money. The proportion between the values of gold and silver money was not fixed by any public law or proclamation; but was left to be settled by the market. If a debtor offered payment in gold, the creditor might either reject such payment altogether, or accept of it at such a valuation of the gold as he and his debtor could agree upon. Copper is not at present a legal tender,

* Pliny, lib. xxxiii. c. 3.

tender, except in the change of the ſmaller ſilver coins. In this ſtate of things the diſtinction between the metal which was the ſtandard, and that which was not the ſtandard, was ſomething more than a nominal diſtinction.

In proceſs of time, and as people became gradually more familiar with the uſe of the different metals in coin, and conſequently better acquainted with the proportion between their reſpective values, it has in moſt countries, I believe, been found convenient to aſcertain this proportion, and to declare by a public law that a guinea, for example, of ſuch a weight and fineneſs, ſhould exchange for one-and-twenty ſhillings, or be a legal tender for a debt of that amount. In this ſtate of things, and during the continuance of any one regulated proportion of this kind, the diſtinction between the metal which is the ſtandard, and that which is not the ſtandard, becomes little more than a nominal diſtinction.

In conſequence of any change, however, in this regulated proportion, this diſtinction becomes, or at leaſt ſeems to become, ſomething more than nominal again. If the regulated value of a guinea, for example, was either reduced to twenty, or raiſed to two-and-twenty ſhillings, all accounts being kept and almoſt all obligations for debt being expreſſed in ſilver money, the greater part of payments could in either caſe be made with the ſame quantity of ſilver money as before; but would require very different quantities of gold money; a greater in the one caſe, and a ſmaller in the other. Silver would appear to be more invariable in its value than gold. Silver would appear to meaſure the value of gold, and gold would not appear to meaſure the value of ſilver. The value of gold would ſeem to depend upon the quantity of ſilver which it would exchange for; and the value of ſilver would not ſeem to depend upon the quantity of gold which it would exchange for. This difference, however, would be altogether owing to the cuſtom of keeping accounts, and of expreſſing the amount of all great and ſmall ſums rather in ſilver than in gold money. One of Mr. Drummond's notes for five-and-twenty or fifty guineas would, after an alteration of this kind, be ſtill payable with five-and-twenty or fifty guineas in the ſame manner as before. It would, after ſuch an alteration, be payable with the ſame quantity of gold as before, but with very different quantities of ſilver. In the payment of ſuch a note, gold would appear to be more invariable in its value

value than silver. Gold would appear to measure the value of silver, and silver would not appear to measure the value of gold. If the custom of keeping accounts, and of expressing promissory notes and other obligations for money in this manner, should ever become general, gold, and not silver, would be considered as the metal which was peculiarly the standard or measure of value.

In reality, during the continuance of any one regulated proportion between the respective values of the different metals in coin, the value of the most precious metal regulates the value of the whole coin. Twelve copper pence contain half a pound avoirdupois, of copper, of not the best quality, which, before it is coined, is seldom worth sevenpence in silver. But as by the regulation twelve such pence are ordered to exchange for a shilling, they are in the market considered as worth a shilling, and a shilling can at any time be had for them. Even before the late reformation of the gold coin of Great Britain, the gold, that part of it at least which circulated in London and its neighbourhood, was in general less degraded below its standard weight than the greater part of the silver. One-and-twenty worn and defaced shillings, however, were considered as equivalent to a guinea, which perhaps, indeed, was worn and defaced too, but seldom so much so. The late regulations have brought the gold coin as near perhaps to its standard weight as it is possible to bring the current coin of any nation; and the order, to receive no gold at the public offices but by weight, is likely to preserve it so as long as that order is enforced. The silver coin still continues in the same worn and degraded state as before the reformation of the gold coin. In the market, however, one-and-twenty shillings of this degraded silver coin are still considered as worth a guinea of this excellent gold coin.

The reformation of the gold coin has evidently raised the value of the silver coin which can be exchanged for it.

In the English mint a pound weight of gold is coined into forty-four guineas and a half, which, at one-and-twenty shillings the guinea, is equal to forty-six pounds fourteen shillings and sixpence. An ounce of such gold coin, therefore is worth 3*l.* 17*s.* 10*d.*½ in silver. In England no duty or seignorage is paid upon the coinage, and he who carries a pound weight or an ounce weight of standard gold bullion to the mint,

mint, gets back a pound weight or an ounce weight of gold in coin, without any deduction. Three pounds seventeen shillings and ten-pence halfpenny an ounce, therefore is said to be the mint price of gold in England, or the quantity of gold coin which the mint gives in return for standard gold bullion.

BEFORE the reformation of the gold coin, the price of standard gold bullion in the market had for many years been upwards of 3*l.* 18*s.* sometimes 3*l.* 19*s.* and very frequently 4*l.* an ounce; that sum, it is probable, in the worn and degraded gold coin, seldom containing more than an ounce of standard gold. Since the reformation of the gold coin, the market price of standard gold bullion seldom exceeds 3*l.* 17*s.* 7*d.* an ounce. Before the reformation of the gold coin, the market price was always more or less above the mint price. Since that reformation, the market price has been constantly below the mint price. But that market price is the same whether it is paid in gold or in silver coin. The late reformation of the gold coin, therefore, has raised not only the value of the gold coin, but likewise that of the silver coin in proportion to gold bullion, and probably too in proportion to all other commodities; though the price of the greater part of other commodities being influenced by so many other causes, the rise in the value either of gold or silver coin in proportion to them, may not be so distinct and sensible.

IN the English mint a pound weight of standard silver bullion is coined into sixty-two shillings, containing, in the same manner, a pound weight of standard silver. Five shillings and two-pence an ounce, therefore, is said to be the mint price of silver in England, or the quantity of silver coin which the mint gives in return for standard silver bullion. Before the reformation of the gold coin, the market price of standard silver bullion was, upon different occasions, five shillings and four-pence, five-shillings and five-pence, five shillings and six-pence, five shillings and seven-pence, and very often five shillings and eight-pence an ounce. Five shillings and seven-pence, however, seems to have been the most common price. Since the reformation of the gold coin, the market price of standard silver bullion has fallen occasionally to five shillings and three-pence, five shillings and four-pence, and five shillings and five-pence an ounce, which last price it has scarce ever exceeded. Though the market price of silver bullion has

has fallen conſiderably ſince the reformation of the gold coin, it has not fallen ſo low as the mint price.

In the proportion between the different metals in the Engliſh coin, as copper is rated very much above its real value, ſo ſilver is rated ſomewhat below it. In the market of Europe, in the French coin and in the Dutch coin, an ounce of fine gold exchanges for about fourteen ounces of fine ſilver. In the Engliſh coin, it exchanges for about fifteen ounces, that is, for more ſilver than it is worth according to the common eſtimation of Europe. But as the price of copper in bars is not, even in England raiſed by the high price of copper in Engliſh coin, ſo the price of ſilver in bullion is not ſunk by the low rate of ſilver in Engliſh coin. Silver in bullion ſtill preſerves its proper proportion to gold; for the ſame reaſon that copper in bars preſerves its proper proportion to ſilver.

Upon the reformation of the ſilver coin in the reign of William III. the price of ſilver bullion ſtill continued to be ſomewhat above the mint price. Mr. Locke imputed this high price to the permiſſion of exporting ſilver bullion, and to the prohibition of exporting ſilver coin. This permiſſion of exporting, he ſaid, rendered the demand for ſilver bullion greater than the demand for ſilver coin. But the number of people who want ſilver coin for the common uſes of buying and ſelling at home, is ſurely much greater than that of thoſe who want ſilver bullion either for the uſe of exportation or for any other uſe. There ſubſiſts at preſent a like permiſſion of exporting gold bullion, and a like prohibition of exporting gold coin; and yet the price of gold bullion has fallen below the mint price. But in the Engliſh coin ſilver was then, in the ſame manner as now, under-rated in proportion to gold; and the gold coin (which at that time too was not ſuppoſed to require any reformation) regulated then, as well as now, the real value of the whole coin. As the reformation of the ſilver coin did not then reduce the price of ſilver bullion to the mint price, it is not very probable that a like reformation will do ſo now.

Were the ſilver coin brought back as near to its ſtandard weight as the gold, a guinea, it is probable, would, according to the preſent proportion, exchange for more ſilver in coin than it would purchaſe in bullion. The ſilver coin containing its full ſtandard weight, there would in this caſe be a profit

fit in melting it down, in order, firſt, to ſell the bullion for gold coin, and afterwards to exchange this gold coin for ſilver coin to be melted down in the ſame manner. Some alteration in the preſent proportion ſeems to be the only method of preventing this inconveniency.

THE inconveniency perhaps would be leſs if ſilver was rated in the coin as much above its proper proportion to gold as it is at preſent rated below it; provided it was at the ſame time enacted that ſilver ſhould not be a legal tender for more than the change of a guinea; in the ſame manner as copper is not a legal tender for more than the change of a ſhilling. No creditor could in this caſe be cheated in conſequence of the high valuation of ſilver in coin; as no creditor can at preſent be cheated in conſequence of the high valuation of copper. The bankers only would ſuffer by this regulation. When a run comes upon them they ſometimes endeavour to gain time by paying in ſixpences, and they would be precluded by this regulation from this diſcreditable method of evading immediate payment. They would be obliged in conſequence to keep at all times in their coffers a greater quantity of caſh than at preſent; and though this might no doubt be a conſiderable inconveniency to them, it would at the ſame time be a conſiderable ſecurity to their creditors.

THREE pounds ſeventeen ſhillings and ten pence halfpenny (the mint price of gold) certainly does not contain, even in our preſent excellent gold coin, more than an ounce of ſtandard gold, and it may be thought, therefore, ſhould not purchaſe more ſtandard bullion. But gold in coin is more convenient than gold in bullion, and though, in England, the coinage is free, yet the gold which is carried in bullion to the mint, can ſeldom be returned in coin to the owner till after a delay of ſeveral weeks. In the preſent hurry of the mint, it could not be returned till after a delay of ſeveral months. This delay is equivalent to a ſmall duty, and renders gold in coin ſomewhat more valuable than an equal quantity of gold in bullion. If in the Engliſh coin ſilver was rated according to its proper proportion to gold, the price of ſilver bullion would probably fall below the mint price even without any reformation of the ſilver coin; the value even of the preſent worn and defaced ſilver coin being regulated by the value of the excellent gold coin for which it can be changed.

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A SMALL ſeignorage or duty upon the coinage of both gold and ſilver would probably increaſe ſtill more the ſuperiority of thoſe metals in coin above an equal quantity of either of them in bullion. The coinage would in this caſe increaſe the value of the metal coined in proportion to the extent of this ſmall duty; for the ſame reaſon that the faſhion increaſes the value of plate in proportion to the price of that faſhion. The ſuperiority of coin above bullion would prevent the melting down of the coin, and would diſcourage its exportation. If upon any public exigency it ſhould become neceſſary to export the coin, the greater part of it would ſoon return again of its own accord. Abroad it could ſell only for its weight in bullion. At home it would buy more than that weight. There would be a profit, therefore, in bringing it home again. In France a ſeignorage of about eight per cent. is impoſed upon the coinage, and the French coin, when exported, is ſaid to return home again of its own accord.

THE occaſional fluctuations in the market price of gold and ſilver bullion ariſe from the ſame cauſes as the like fluctuations in that of all other commodities. The frequent loſs of thoſe metals from various accidents by ſea and by land, the continual waſte of them in gilding and plating, in lace and embroidery, in the wear and tear of coin, and in that of plate; require, in all countries which poſſeſs no mines of their own, a continual importation, in order to repair this loſs and this waſte. The merchant importers, like all other merchants, we may believe, endeavour, as well as they can, to ſuit their occaſional importations to what, they judge, is likely to be the immediate demand. With all their attention, however, they ſometimes over-do the buſineſs, and ſometimes under-do it. When they import more bullion than is wanted, rather than incur the riſk and trouble of exporting it again, they are ſometimes willing to ſell a part of it for ſomething leſs than the ordinary or average price. When, on the other hand, they import leſs than is wanted, they get ſomething more than this price. But when, under all thoſe occaſional fluctuations, the market price either of gold or ſilver bullion continues for ſeveral years together ſteadily and conſtantly, either more or leſs above, or more or leſs below the mint price; we may be aſſured that this ſteady and conſtant, either ſuperiority or inferiority of price, is the effect of ſomething in the ſtate of the coin, which, at that time, renders a certain quantity of coin either of more value or of leſs value than the

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preciſe quantity of bullion which it ought to contain. The conſtancy and ſteadineſs of the effect, ſuppoſes a proportionable conſtancy and ſteadineſs in the cauſe.

THE money of any particular country is, at any particular time and place, more or leſs an accurate meaſure of value according as the current coin is more or leſs exactly agreeable to its ſtandard, or contains more or leſs exactly the preciſe quantity of pure gold or pure ſilver which it ought to contain. If in England, for example, forty-four guineas and a half contained exactly a pound weight of ſtandard gold, or eleven ounces of fine gold and one ounce of alloy, the gold coin of England would be as accurate a meaſure of the actual value of goods at any particular time and place as the nature of the thing would admit. But if, by rubbing and wearing, forty-four guineas and a half generally contain leſs than a pound weight of ſtandard gold; the diminution, however, being greater in ſome pieces than in others; the meaſure of value comes to be liable to the ſame ſort of uncertainty to which all other weights and meaſures are commonly expoſed. As it rarely happens that theſe are exactly agreeable to their ſtandard, the merchant adjuſts the price of his goods, as well as he can, not to what thoſe weights and meaſures ought to be, but to what, upon an average, he finds by experience they actually are. In conſequence of a like diſorder in the coin the price of goods comes, in the ſame manner, to be adjuſted, not to the quantity of pure gold or ſilver which the coin ought to contain, but to that which, upon an average, it is found by experience, it actually does contain.

BY the money-price of goods, it is to be obſerved, I underſtand always the quantity of pure gold or ſilver for which they are ſold, without any regard to the denomination of the coin. Six ſhillings and eight-pence, for example, in the time of Edward I., I conſider as the ſame money-price with a pound ſterling in the preſent times; becauſe it contained, as nearly as we can judge, the ſame quantity of pure ſilver.

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CHAP. VI.

Of the component Parts of the Price of Commodities.

In that early and rude ſtate of ſociety which precedes both the accumulation of ſtock and the appropriation of land, the proportion between the quantities of labour neceſſary for acquiring different objects ſeems to be the only circumſtance which can afford any rule for exchanging them for one another. If among a nation of hunters, for example, it uſually coſts twice the labour to kill a beaver which it does to kill a deer, one beaver ſhould naturally exchange for or be worth two deer. It is natural that what is uſually the produce of two days or two hours labour, ſhould be worth double of what is uſually the produce of one day's or one hour's labour.

If the one ſpecies of labour ſhould be more ſevere than the other, ſome allowance will naturally be made for this ſuperior hardſhip; and the produce of one hour's labour in the one way may frequently exchange for that of two hours labour in the other.

Or if the one ſpecies of labour requires an uncommon degree of dexterity and ingenuity, the eſteem which men have for ſuch talents, will naturally give a value to their produce, ſuperior to what would be due to the time employed about it. Such talents can ſeldom be acquired but in conſequence of long application, and the ſuperior value of their produce may frequently be no more than a reaſonable compenſation for the time and labour which muſt be ſpent in acquiring them. In the advanced ſtate of ſociety, allowances of this kind, for ſuperior hardſhip and ſuperior ſkill, are commonly made in the wages of labour; and ſomething of the ſame kind muſt probably have taken place in its earlieſt and rudeſt period.

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In this ſtate of things, the whole produce of labour belongs to the labourer; and the quantity of labour commonly employed in acquiring or producing any commodity, is the only circumſtance which can regulate the quantity of labour which it ought commonly to purchaſe, command, or exchange for.

As ſoon as ſtock has accumulated in the hands of particular perſons, ſome of them will naturally employ it in ſetting to work induſtrious people, whom they will ſupply with materials and ſubſiſtence, in order to make a profit by the ſale of their work, or by what their labour adds to the value of the materials. In exchanging the complete manufacture either for money, for labour, or for other goods, over and above what may be ſufficient to pay the price of the materials, and the wages of the workmen, ſomething muſt be given for the profits of the undertaker of the work who hazards his ſtock in this adventure. The value which the workmen add to the materials, therefore, reſolves itſelf in this caſe into two parts, of which the one pays their wages, the other the profits of their employer upon the whole ſtock of materials and wages which he advanced. He could have no intereſt to employ them, unleſs he expected from the ſale of their work ſomething more than what was ſufficient to replace his ſtock to him; and he could have no intereſt to employ a great ſtock rather than a ſmall one, unleſs his profits were to bear ſome proportion to the extent of his ſtock.

The profits of ſtock, it may perhaps be thought, are only a different name for the wages of a particular ſort of labour, the labour of inſpection and direction. They are, however, altogether different, are regulated by quite different principles, and bear no proportion to the quantity, the hardſhip, or the ingenuity of this ſuppoſed labour of inſpection and direction. They are regulated altogether by the value of the ſtock employed, and are greater or ſmaller in proportion to the extent of this ſtock. Let us ſuppoſe, for example, that in ſome particular place, where the common annual profits of manufacturing ſtock are ten per cent. there are two different manufactures, in each of which twenty workmen are employed at the rate of fifteen pounds a year each, or at the expence of three hundred a year in each manufactory. Let us ſuppoſe too, that the coarſe materials annually wrought up in the one coſt only ſeven hundred pounds, while the finer materials

materials in the other coſt ſeven thouſand. The capital annually employed in the one will in this caſe amount only to one thouſand pounds; whereas that employed in the other will amount to ſeven thouſand three hundred pounds. At the rate of ten per cent. therefore, the undertaker of the one will expect an yearly profit of about one hundred pounds only; while that of the other will expect about ſeven hundred and thirty pounds. But though their profits are ſo very different, their labour of inſpection and direction may be either altogether or very nearly the ſame. In many great works, almoſt the whole labour of this kind is committed to ſome principal clerk. His wages properly expreſs the value of this labour of inſpection and direction. Though in ſettling them ſome regard is had commonly, not only to his labour and ſkill, but to the truſt which is repoſed in him, yet they never bear any regular proportion to the capital of which he overſees the management; and the owner of this capital, though he is thus diſcharged of almoſt all labour, ſtill expects that his profits ſhould bear a regular proportion to his capital. In the price of commodities, therefore, the profits of ſtock conſtitute a component part altogether different from the wages of labour, and regulated by quite different principles.

In this ſtate of things, the whole produce of labour does not always belong to the labourer. He muſt in moſt caſes ſhare it with the owner of the ſtock which employs him. Neither is the quantity of labour commonly employed in acquiring or producing any commodity, the only circumſtance which can regulate the quantity which it ought commonly to purchaſe, command, or exchange for. An additional quantity, it is evident, muſt be due for the profits of the ſtock which advanced the wages and furniſhed the materials of that labour.

As ſoon as the land of any country has all become private property, the landlords, like all other men, love to reap where they never ſowed, and demand a rent even for its natural produce. The wood of the foreſt, the graſs of the field, and all the natural fruits of the earth, which, when land was in common, coſt the labourer only the trouble of gathering them, come, even to him, to have an additional price fixed upon them. He muſt then pay for the licence to gather them; and muſt give up to the landlord a portion of what his labour either collects or produces. This portion, or,

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what comes to the ſame thing, the price of this portion, conſtitutes the rent of land, and in the price of the greater part of commodities makes a third component part.

The real value of all the different component parts of price, it muſt be obſerved, is meaſured by the quantity of labour which they can, each of them, purchaſe or command. Labour meaſures the value not only of that part of price which reſolves itſelf into labour, but of that which reſolves itſelf into rent, and of that which reſolves itſelf into profit.

In every ſociety the price of every commodity finally reſolves itſelf into ſome one or other, or all of thoſe three parts; and in every improved ſociety, all the three enter more or leſs, as component parts, into the price of the far greater part of commodities.

In the price of corn, for example, one part pays the rent of the landlord, another pays the wages or maintenance of the labourers and labouring cattle employed in producing it, and the third pays the profit of the farmer. Theſe three parts ſeem either immediately or ultimately to make up the whole price of corn. A fourth part, it may perhaps be thought, is neceſſary for replacing the ſtock of the farmer, or for compenſating the wear and tear of his labouring cattle, and other inſtruments of huſbandry. But it muſt be conſidered that the price of any inſtrument of huſbandry, ſuch as a labouring horſe, is itſelf made up of the ſame three parts; the rent of the land upon which he is reared, the labour of tending and rearing him, and the profits of the farmer who advances both the rent of this land, and the wages of this labour. Though the price of the corn, therefore, may pay the price as well as the maintenance of the horſe, the whole price ſtill reſolves itſelf either immediately or ultimately into the ſame three parts of rent, labour and profit.

In the price of flour or meal, we muſt add to the price of the corn, the profits of the miller, and the wages of his ſervants; in the price of bread, the profits of the baker, and the wages of his ſervants; and in the price of both, the labour of tranſporting the corn from the houſe of the farmer to that of the miller, and from that of the miller to that of the baker, together

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together with the profits of those who advance the wages of that labour.

THE price of flax resolves itself into the same three parts as that of corn. In the price of linen we must add to this price the wages of the flax-dresser, of the spinner, of the weaver, of the bleacher, &c. together with the profits of their respective employers.

As any particular commodity comes to be more manufactured, that part of the price which resolves itself into wages and profit, comes to be greater in proportion to that which resolves itself into rent. In the progress of the manufacture, not only the number of profits increase, but every subsequent profit is greater than the foregoing; because the capital from which it is derived must always be greater. The capital which employs the weavers, for example, must be greater than that which employs the spinners; because it not only replaces that capital with its profits, but pays, besides, the wages of the weavers; and the profits must always bear some proportion to the capital.

IN the most improved societies, however, there are always a few commodities of which the price resolves itself into two parts only, the wages of labour, and the profits of stock; and a still smaller number in which it consists altogether in the wages of labour. In the price of sea-fish, for example, one part pays the labour of the fishermen, and the other the profits of the capital employed in the fishery. Rent very seldom makes any part of it, though it does sometimes, as I shall shew hereafter. It is otherwise, at least through the greater part of Europe, in river fisheries. A salmon fishery pays a rent, and rent, though it cannot well be called the rent of land, makes a part of the price of a salmon as well as wages and profit. In some parts of Scotland a few poor people make a trade of gathering, along the sea-shore, those little variegated stones commonly known by the name of Scotch pebbles. The price which is paid to them by the stone-cutter is altogether the wages of their labour; neither rent nor profit make any part of it.

BUT the whole price of any commodity must still finally resolve itself into some one or other, or all of those three parts; as whatever part of it remains after paying the rent of

the land, and the price of the whole labour employed in raiſing, manufacturing, and bringing it to market, muſt neceſſarily be profit to ſomebody.

As the price or exchangeable value of every particular commodity, taken ſeparately, reſolves itſelf into ſome one or other or all of thoſe three parts; ſo that of all the commodities which compoſe the whole annual produce of the labour of every country, taken complexly, muſt reſolve itſelf into the ſame three parts, and be parcelled out among different inhabitants of the country, either as the wages of their labour, the profits of their ſtock, or the rent of their land. The whole of what is annually either collected or produced by the labour of every ſociety, or what comes to the ſame thing, the whole price of it, is in this manner originally diſtributed among ſome of its different members. Wages, profit, and rent, are the three original ſources of all revenue as well as of all exchangeable value. All other revenue is ultimately derived from ſome one or other of theſe.

WHOEVER derives his revenue from a fund which is his own, muſt draw it either from his labour, from his ſtock, or from his land. The revenue derived from labour is called wages. That derived from ſtock, by the perſon who manages or employs it, is called profit. That derived from it by the perſon who does not employ it himſelf, but lends it to another, is called the intereſt or the uſe of money. It is the compenſation which the borrower pays to the lender, for the profit which he has an opportunity of making by the uſe of the money. Part of that profit naturally belongs to the borrower, who runs the riſk and takes the trouble of employing it; and part to the lender, who affords him the opportunity of making this profit. The intereſt of money is always a derivative revenue, which, if it is not paid from the profit which is made by the uſe of the money, muſt be paid from ſome other ſource of revenue, unleſs perhaps the borrower is a ſpendthrift, who contracts a ſecond debt in order to pay the intereſt of the firſt. The revenue which proceeds altogether from land, is called rent, and belongs to the landlord. The revenue of the farmer is derived partly from his labour, and partly from his ſtock. To him, land is only the inſtrument which enables him to earn the wages of this labour, and to make the profits of this ſtock. All taxes, and all the revenue which is founded upon them, all ſalaries, penſions, and annuities

nuities of every kind, are ultimately derived from ſome one or other of thoſe three original ſources of revenue, and are paid either immediately or mediately from the wages of labour, the profits of ſtock, or the rent of land.

WHEN thoſe three different ſorts of revenue belong to different perſons, they are readily diſtinguiſhed; but when they belong to the ſame they are ſometimes confounded with one another, at leaſt in common language.

A GENTLEMAN who farms a part of his own eſtate, after paying the expence of cultivation, ſhould gain both the rent of the landlord and the profit of the farmer. He is apt to denominate, however, his whole gain, profit, and thus confounds rent with profit, at leaſt in common language. The greater part of our North American and Weſt Indian planters are in this ſituation. They farm, the greater part of them, their own eſtates, and accordingly we ſeldom hear of the rent of a plantation, but frequently of its profit.

COMMON farmers ſeldom employ any overſeer to direct the general operations of the farm. They generally too work a good deal with their own hands, as ploughmen, harrowers, &c. What remains of the crop after paying the rent, therefore, ſhould not only replace to them their ſtock employed in cultivation, together with its ordinary profits, but pay them the wages which are due to them, both as labourers and overſeers. Whatever remains, however, after paying the rent and keeping up the ſtock, is called profit. But wages evidently make a part of it. The farmer, by ſaving theſe wages, muſt neceſſarily gain them. Wages, therefore, are in this caſe confounded with profit.

AN independent manufacturer, who has ſtock enough both to purchaſe materials, and to maintain himſelf till he can carry his work to market, ſhould gain both the wages of a journeyman who works under a maſter, and the profit which that maſter makes by the ſale of the journeyman's work. His whole gains, however, are commonly called profit, and wages are, in this caſe too, confounded with profit.

A GARDENER who cultivates his own garden with his own hands, unites in his own perſon the three different characters, of landlord, farmer, and labourer. His produce, therefore, ſhould pay him the rent of the firſt, the profit of the ſecond, and the wages of the third. The whole, however,

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ever, is commonly conſidered as the earnings of his labour. Both rent and profit are, in this caſe, confounded with wages.

As in a civilized country there are but few commodities of which the exchangeable value ariſes from labour only, rent and profit contributing largely to that of the far greater part of them, ſo the annual produce of its labour will always be ſufficient to purchaſe or command a much greater quantity of labour than what was employed in raiſing, preparing, and bringing that produce to market. If the ſociety was annually to employ all the labour which it can annually purchaſe, as the quantity of labour would increaſe greatly every year, ſo the produce of every ſucceeding year would be of vaſtly greater value than that of the foregoing. But there is no country in which the whole annual produce is employed in maintaining the induſtrious. The idle every where conſume a great part of it; and according to the different proportions in which it is annually divided between thoſe two different orders of people, its ordinary or average value muſt either annually increaſe or diminiſh, or continue the ſame from one year to another.

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CHAP. VII.

Of the natural and market Price of Commodities.

THERE is in every ſociety or neighbourhood an ordinary or average rate both of wages and profit in every different employment of labour and ſtock. This rate is naturally regulated, as I ſhall ſhow hereafter, partly by the general circumſtances of the ſociety, their riches or poverty, their advancing, ſtationary, or declining condition; and partly by the particular nature of each employment.

THERE is likewiſe in every ſociety or neighbourhood an ordinary or average rate of rent, which is regulated too, as I ſhall ſhow hereafter, partly by the general circumſtances of the ſociety or neighbourhood in which the land is ſituated, and partly by the natural or improved fertility of the land.

THESE ordinary or average rates may be called the natural rates of wages, profit, and rent, at the time and place in which they commonly prevail.

WHEN the price of any commodity is neither more nor leſs than what is ſufficient to pay the rent of the land, the wages of the labour, and the profits of the ſtock employed in raiſing, preparing, and bringing it to market, according to their natural rates, the commodity is then ſold for what may be called its natural price.

THE commodity is then ſold preciſely for what it is worth, or for what it really coſts the perſon who brings it to market; for though in common language what is called the prime coſt of any commodity does not comprehend the profit of the perſon who is to ſell it again, yet if he ſells it at a price which does not allow him the ordinary rate of profit in his neighbourhood, he is evidently a loſer by the trade; ſince by employing

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laying his ſtock in ſome other way he might have made that profit. His profit, beſides, is his revenue, the proper fund of his ſubſiſtence. As, while he is preparing and bringing the goods to market, he advances to his workmen their wages, or their ſubſiſtence; ſo he advances to himſelf, in the ſame manner, his own ſubſiſtence, which is generally ſuitable to the profit which he may reaſonably expect from the ſale of his goods. Unleſs they yield him this profit, therefore, they do not repay him what they may very properly be ſaid to have really coſt him.

THOUGH the price, therefore, which leaves him this profit, is not always the loweſt at which a dealer may ſometimes ſell his goods, it is the loweſt at which he is likely to ſell them for any conſiderable time; at leaſt where there is perfect liberty, or where he may change his trade as often as he pleaſes.

THE actual price at which any commodity is commonly ſold is called its market price. It may either be above, or below, or exactly the ſame with its natural price.

THE market price of every particular commodity is regulated by the proportion between the quantity which is actually brought to market, and the demand of thoſe who are willing to pay the natural price of the commodity, or the whole value of the rent, labour, and profit, which muſt be paid in order to bring it thither. Such people may be called the effectual demanders, and their demand the effectual demand; ſince it may be ſufficient to effectuate the bringing of the commodity to market. It is different from the abſolute demand. A very poor man may be ſaid in ſome ſenſe to have a demand for a coach and ſix; he might like to have it; but his demand is not an effectual demand, as the commodity can never be brought to market in order to ſatisfy it.

WHEN the quantity of any commodity which is brought to market, falls ſhort of the effectual demand, all thoſe who are willing to pay the whole value of the rent, wages, and profit, which muſt be paid in order to bring it thither, cannot be ſupplied with the quantity which they want. Rather than want it altogether, ſome of them will be willing to give more. A competition will immediately begin among them, and the market price will riſe more or leſs above the natural price,

price, according as either the greatneſs of the deficiency, or the wealth and wanton luxury of the competitors, happen to animate more or leſs the eagerneſs of the competition. Among competitors of equal wealth and luxury the ſame deficiency will generally occaſion a more or leſs eager competition, according as the acquiſition of the commodity happens to be of more or leſs importance to them. Hence the exorbitant price of the neceſſaries of life during the blockade of a town or in a famine.

When the quantity brought to market exceeds the effectual demand, it cannot be all ſold to thoſe who are willing to pay the whole value of the rent, wages and profit, which muſt be paid in order to bring it thither. Some part muſt be ſold to thoſe who are willing to pay leſs, and the low price which they give for it muſt reduce the price of the whole. The market price will ſink more or leſs below the natural price, according as the greatneſs of the exceſs increaſes more or leſs the competition of the ſellers, or according as it happens to be more or leſs important to them to get immediately rid of the commodity. The ſame exceſs in the importation of periſhable, will occaſion a much greater competition than in that of durable commodities; in the importation of oranges, for example, than in that of old iron.

When the quantity brought to market is juſt ſufficient to ſupply the effectual demand and no more, the market price naturally comes to be either exactly, or as nearly as can be judged of, the ſame with the natural price. The whole quantity upon hand can be diſpoſed of for this price, and cannot be diſpoſed of for more. The competition of the different dealers obliges them all to accept of this price, but does not oblige them to accept of leſs.

The quantity of every commodity brought to market naturally ſuits itſelf to the effectual demand. It is the intereſt of all thoſe who employ their land, labour, or ſtock, in bringing any commodity to market, that the quantity never ſhould exceed the effectual demand; and it is the intereſt of all other people that it never ſhould fall ſhort of that demand.

If at any time it exceeds the effectual demand, ſome of the component parts of its price muſt be paid below their natural rate. If it is rent, the intereſt of the landlords will immediately

immediately prompt them to withdraw a part of their land; and if it is wages or profit, the intereſt of the labourers in the one caſe, and of their employers in the other, will prompt them to withdraw a part of their labour or ſtock from this employment. The quantity brought to market will ſoon be no more than ſufficient to ſupply the effectual demand. All the different parts of its price will riſe to their natural rate, and the whole price to its natural price.

If, on the contrary, the quantity brought to market ſhould at any time fall ſhort of the effectual demand, ſome of the component parts of its price muſt riſe above their natural rate. If it is rent, the intereſt of all other landlords will naturally prompt them to prepare more land for the raiſing of this commodity; if it is wages or profit, the intereſt of all other labourers and dealers will ſoon prompt them to employ more labour and ſtock in preparing and bringing it to market. The quantity brought thither will ſoon be ſufficient to ſupply the effectual demand. All the different parts of its price will ſoon ſink to their natural rate, and the whole price to its natural price.

The natural price, therefore, is, as it were, the central price, to which the prices of all commodities are continually gravitating. Different accidents may ſometimes keep them ſuſpended a good deal above it, and ſometimes force them down even ſomewhat below it. But whatever may be the obſtacles which hinder them from ſettling in this center of repoſe and continuance, they are conſtantly tending towards it.

The whole quantity of induſtry annually employed in order to bring any commodity to market, naturally ſuits itſelf in this manner to the effectual demand. It naturally aims at bringing always that preciſe quantity thither which may be ſufficient to ſupply, and no more than ſupply, that demand.

But in ſome employments the ſame quantity of induſtry will in different years produce very different quantities of commodities; while in others it will produce always the ſame, or very nearly the ſame. The ſame number of labourers in huſbandry will, in different years, produce very different quantities of corn, wine, oil, hops, &c. But the ſame number

number of ſpinners and weavers will every year produce the ſame or very nearly the ſame quantity of linen and woollen cloth. It is only the average produce of the one ſpecies of induſtry which can be ſuited in any reſpect to the effectual demand; and as its actual produce is frequently much greater and frequently much leſs than its average produce, the quantity of the commodities brought to market will ſometimes exceed a good deal, and ſometimes fall ſhort a good deal of the effectual demand. Even though that demand therefore ſhould continue always the ſame, their market price will be liable to great fluctuations, will ſometimes fall a good deal below, and ſometimes riſe a good deal above their natural price. In the other ſpecies of induſtry, the produce of equal quantities of labour being always the ſame or very nearly the ſame, it can be more exactly ſuited to the effectual demand. While that demand continues the ſame, therefore, the market price of the commodities is likely to do ſo too, and to be either altogether, or as nearly as can be judged of, the ſame with the natural price. That the price of linen and woollen cloth is liable neither to ſuch frequent nor to ſuch great variations as the price of corn, every man's experience will inform him. The price of the one ſpecies of commodities varies only with the variations in the demand: That of the other varies, not only with the variations in the demand, but with the much greater and more frequent variations in the quantity of what is brought to market in order to ſupply that demand.

THE occaſional and temporary fluctuations in the market price of any commodity fall chiefly upon thoſe parts of its price which reſolve themſelves into wages and profit. That part which reſolves itſelf into rent is leſs affected by them. A rent certain in money is not in the leaſt affected by them either in its rate or in its value. A rent which conſiſts either in a certain proportion or in a certain quantity of the rude produce, is no doubt affected in its yearly value by all the occaſional and temporary fluctuations in the market price of that rude produce: but it is ſeldom affected by them in its yearly rate. In ſettling the terms of the leaſe, the landlord and farmer endeavour, according to their beſt judgment, to adjuſt that rate, not to the temporary and occaſional, but to the average and ordinary price of the produce.

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SUCH fluctuations affect both the value and the rate either of wages or of profit, according as the market happens to be either over-ſtocked or under-ſtocked with commodities or with labour; with work done, or with work to be done. A public mourning raiſes the price of black cloth (with which the market is almoſt always under-ſtocked upon ſuch occaſions), and augments the profits of the merchants who poſſeſs any conſiderable quantity of it. It has no effect upon the wages of the weavers. The market is under-ſtocked with commodities, not with labour; with work done, not with work to be done. It raiſes the wages of journeymen taylors. The market is here under-ſtocked with labour. There is an effectual demand for more labour, for more work to be done than can be had. It ſinks the price of coloured ſilks and cloths, and thereby reduces the profits of the merchants who have any conſiderable quantity of them upon hand. It ſinks too the wages of the workmen employed in preparing ſuch commodities, for which all demand is ſtopped for ſix months, perhaps for a twelvemonth. The market is here over-ſtocked both with commodities and with labour.

BUT though the market price of every particular commodity is in this manner continually gravitating, if one may ſay ſo, towards the natural price, yet ſometimes particular accidents, ſometimes natural cauſes, and ſometimes particular regulations of police, may, in many commodities, keep up the market price, for a long time together, a good deal above the natural price.

WHEN by an increaſe in the effectual demand, the market price of ſome particular commodity happens to riſe a good deal above the natural price, thoſe who employ their ſtocks in ſupplying that market are generally careful to conceal this change. If it was commonly known, their great profit would tempt ſo many new rivals to employ their ſtocks in the ſame way, that, the effectual demand being fully ſupplied, the market price would ſoon be reduced to the natural price, and perhaps for ſome time even below it. If the market is at a great diſtance from the reſidence of thoſe who ſupply it, they may ſometimes be able to keep the ſecret for ſeveral years together, and may ſo long enjoy their extraordinary profits without any new rivals. Secrets of this kind, however, it muſt be acknowledged, can ſeldom be long kept; and the

the extraordinary profit can laſt very little longer than they are kept.

SECRETS in manufactures are capable of being longer kept than ſecrets in trade. A dyer who has found the means of producing a particular colour with materials which coſt only half the price of thoſe commonly made uſe of, may, with good management, enjoy the advantage of his diſcovery as long as he lives, and even leave it as a legacy to his poſterity. His extraordinary gains ariſe from the high price which is paid for his private labour. They properly conſiſt in the high wages of that labour. But as they are repeated upon every part of his ſtock, and as their whole amount bears, upon that account, a regular proportion to it, they are commonly conſidered as extraordinary profits of ſtock.

SUCH enhancements of the market price are evidently the effects of particular accidents, of which, however, the operation may ſometimes laſt for many years together.

SOME natural productions require ſuch a ſingularity of ſoil and ſituation, that all the land in a great country which is fit for producing them, may not be ſufficient to ſupply the effectual demand. The whole quantity brought to market, therefore, may be diſpoſed of to thoſe who are willing to give more than what is ſufficient to pay the rent of the land which produced them, together with the wages of the labour, and the profits of the ſtock which were employed in preparing and bringing them to market, according to their natural rates. Such commodities may continue for whole centuries together to be ſold at this high price; and that part of it which reſolves itſelf into the rent of land is in this caſe the part which is generally paid above its natural rate. The rent of the land which affords ſuch ſingular and eſteemed productions, like the rent of ſome vineyards in France of a peculiarly happy ſoil and ſituation, bears no regular proportion to the rent of other equally fertile and equally well-cultivated land in its neighbourhood. The wages of the labour and the profits of the ſtock employed in bringing ſuch commodities to market, on the contrary, are ſeldom out of their natural proportion to thoſe of the other employments of labour and ſtock in their neighbourhoood.

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Such enhancements of the market price are evidently the effect of natural cauſes which may hinder the effectual demand from ever being fully ſupplied, and which may continue, therefore, to operate for ever.

A MONOPOLY granted either to an individual or to a trading company has the ſame effect as a ſecret in trade or manufactures. The monopoliſts, by keeping the market conſtantly under-ſtocked, by never fully ſupplying the effectual demand, ſell their commodities much above the natural price, and raiſe their emoluments, whether they conſiſt in wages or profit, greatly above their natural rate.

THE price of monopoly is upon every occaſion the higheſt which can be got. The natural price, or the price of free competition, on the contrary, is the loweſt which can be taken, not upon every occaſion, indeed, but for any conſiderable time together. The one is upon every occaſion the higheſt which can be ſqueezed out of the buyers, or which, it is ſuppoſed, they will conſent to give: The other is the loweſt which the ſellers can commonly afford to take, and at the ſame time continue their buſineſs.

THE excluſive privileges of corporations, ſtatutes of apprenticeſhip, and all thoſe laws which reſtrain, in particular employments, the competition to a ſmaller number than might otherwiſe go into them, have the ſame tendency, though in a leſs degree. They are a ſort of enlarged monopolies, and may frequently, for ages together and in whole claſſes of employments, keep up the market price of particular commodities above the natural price, and maintain both the wages of the labour and the profits of the ſtock employed about them ſomewhat above their natural rate.

SUCH enhancements of the market price may laſt as long as the regulations of police which give occaſion to them.

THE market price of any particular commodity, though it may continue long above, can ſeldom continue long below its natural price. Whatever part of it was paid below the natural rate, the perſons whoſe intereſt it affected would immediately feel the loſs, and would immediately withdraw either ſo much land, or ſo much labour, or ſo much ſtock, from being employed about it, that the quantity brought to market

market would ſoon be no more than ſufficient to ſupply the effectual demand. Its market price, therefore, would ſoon riſe to the natural price. This at leaſt would be the caſe where there was perfect liberty.

The ſame ſtatutes of apprenticeſhip and other corporation laws indeed, which, when a manufacture is in proſperity, enable the workman to raiſe his wages a good deal above their natural rate, ſometimes oblige him, when it decays, to let them down a good deal below it. As in the one caſe they exclude many people from his employment, ſo in the other they exclude him from many employments. The effect of ſuch regulations, however, is not near ſo durable in ſinking the workman's wages below, as in raiſing them above their natural rate. Their operation in the one way may endure for many centuries, but in the other it can laſt no longer than the lives of ſome of the workmen who were bred to the buſineſs in the time of its proſperity. When they are gone, the number of thoſe who are afterwards educated to the trade will naturally ſuit itſelf to the effectual demand. The police muſt be as violent as that of Indoſtan or antient Egypt (where every man was bound by a principle of religion to follow the occupation of his father, and was ſuppoſed to commit the moſt horrid ſacrilege if he changed it for another) which can in any particular employment, and for ſeveral generations together, ſink either the wages of labour or the profits of ſtock below their natural rate.

THIS is all that I think neceſſary to be obſerved at preſent concerning the deviations, whether occaſional or permanent, of the market price of commodities from the natural price.

THE natural price itſelf varies with the natural rate of each of its component parts, of wages, profit, and rent; and in every ſociety this rate varies according to their circumſtances, according to their riches or poverty, their advancing, ſtationary, or declining condition. I ſhall, in the four following chapters, endeavour to explain, as fully and diſtinctly as I can, the cauſes of thoſe different variations.

FIRST, I ſhall endeavour to explain what are the circumſtances which naturally determine the rate of wages, and in what manner thoſe circumſtances are affected by the riches

or poverty, by the advancing, ſtationary, or declining ſtate of the ſociety.

SECONDLY, I ſhall endeavour to ſhow what are the circumſtances which naturally determine the rate of profit, and in what manner too thoſe circumſtances are affected by the like variations in the ſtate of the ſociety.

THOUGH pecuniary wages and profit are very different in the different employments of labour and ſtock; yet a certain proportion ſeems commonly to take place between both the pecuniary wages in all the different employments of labour, and the pecuniary profits in all the different employments of ſtock. This proportion, it will appear hereafter, depends partly upon the nature of the different employments, and partly upon the different laws and policy of the ſociety in which they are carried on, But though in many reſpects dependent upon the laws and policy, this proportion ſeems to be little affected by the riches or poverty of that ſociety; by its advancing, ſtationary, or declining condition; but to remain the ſame or very nearly the ſame in all thoſe different ſtates. I ſhall, in the third place, endeavour to explain all the different circumſtances which regulate this proportion.

IN the fourth and laſt place, I ſhall endeavour to ſhow what are the circumſtances which regulate the rent of land, and which either raiſe or lower the real price of all the different ſubſtances which it produces.

CHAP.

CHAP. VIII.

Of the Wages of Labour.

THE produce of labour conſtitutes the natural recompence or wages of labour.

IN that original ſtate of things, which precedes both the appropriation of land and the accumulation of ſtock, the whole produce of labour belongs to the labourer. He has neither landlord nor maſter to ſhare with him.

HAD this ſtate continued, the wages of labour would have augmented with all thoſe improvements in its productive powers, to which the diviſion of labour gives occaſion. All things would gradually have become cheaper. They would have been produced by a ſmaller quantity of labour; and as the commodities produced by equal quantities of labour would naturally in this ſtate of things be exchanged for one another, they would have been purchaſed likewiſe with the produce of a ſmaller quantity.

BUT though all things would have become cheaper in reality, in appearance many things might have become dearer than before, or have been exchanged for a greater quantity of other goods. Let us ſuppoſe, for example, that in the greater part of employments the productive powers of labour had been improved to tenfold, or that a day's labour could produce ten times the quantity of work which it had done originally; but that in a particular employment they had been improved only to double, or that a day's labour could produce only twice the quantity of work which it had done before. In exchanging the produce of a day's labour in the

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greater part of employments, for that of a day's labour in this particular one, ten times the original quantity of work in them would purchaſe only twice the original quantity in it. Any particular quantity in it, therefore, a pound weight, for example, would appear to be five times dearer than before. In reality, however, it would be twice as cheap. Though it required five times the quantity of other goods to purchaſe it, it would require only half the quantity of labour either to purchaſe or to produce it. The acquiſition, therefore, would be twice as eaſy as before.

BUT this original ſtate of things, in which the labourer enjoyed the whole produce of his own labour, could not laſt beyond the firſt introduction of the appropriation of land and the accumulation of ſtock. It was at an end, therefore, long before the moſt conſiderable improvements were made in the productive powers of labour, and it would be to no purpoſe to trace farther what might have been its effects upon the recompence or wages of labour.

AS ſoon as land becomes private property, the landlord demands a ſhare of almoſt all the produce which the labourer can either raiſe, or collect from it. His rent makes the firſt deduction from the produce of the labour which is employed upon land.

IT ſeldom happens that the perſon who tills the ground has wherewithal to maintain himſelf till he reaps the harveſt. His maintenance is generally advanced to him from the ſtock of a maſter, the farmer who employs him, and who would have no intereſt to employ him, unleſs he was to ſhare in the produce of his labour, or unleſs his ſtock was to be replaced to him with a profit. This profit makes a ſecond deduction from the produce of the labour which is employed upon land.

THE produce of almoſt all other labour is liable to the like deduction of profit. In all arts and manufactures the greater part of the workmen ſtand in need of a maſter to advance them the materials of their work, and their wages and maintenance till it be compleated. He ſhares in the produce of their labour, or in the value which it adds to the materials upon

upon which it is beſtowed; and in this ſhare conſiſts his profit.

It ſometimes happens, indeed, that a ſingle independent workman has ſtock ſufficient both to purchaſe the materials of his work, and to maintain himſelf till it be compleated. He is both maſter and workman, and enjoys the whole produce of his own labour, or the whole value which it adds to the materials upon which it is beſtowed. It includes what are uſually two diſtinct revenues, belonging to two diſtinct perſons, the profits of ſtock, and the wages of labour.

Such caſes, however, are not very frequent, and in every part of Europe, twenty workmen ſerve under a maſter for one that is independent; and the wages of labour are every where underſtood to be, what they uſually are, when the labourer is one perſon, and the owner of the ſtock which employs him another.

What are the common wages of labour depends every where upon the contract uſually made between thoſe two parties, whoſe intereſts are by no means the ſame. The workmen deſire to get as much, the maſters to give as little as poſſible. The former are diſpoſed to combine in order to raiſe, the latter in order to lower the wages of labour.

It is not, however, difficult to foreſee which of the two parties muſt, upon all ordinary occaſions, have the advantage in the diſpute, and force the other into a compliance with their terms. The maſters, being fewer in number, can combine much more eaſily; and the law, beſides, authoriſes, or at leaſt does not prohibit their combinations, while it prohibits thoſe of the workmen. We have no acts of parliament againſt combining to lower the price of work; but many againſt combining to raiſe it. In all ſuch diſputes the maſters can hold out much longer. A landlord, a farmer, a maſter manufacturer, or merchant, though they did not employ a ſingle workman, could generally live a year or two upon the ſtocks which they have already acquired. Many workmen could not ſubſiſt a week, few could ſubſiſt a month, and ſcarce any a year without employment. In the long-run the workman may be as neceſſary to his

master as his master is to him; but the neceſſity is not ſo immediate.

We rarely hear, it has been ſaid, of the combinations of maſters; though frequently of thoſe of workmen. But whoever imagines, upon this account, that maſters rarely combine, is as ignorant of the world as of the ſubject. Maſters are always and every where in a ſort of tacit, but conſtant and uniform combination, not to raiſe the wages of labour above their actual rate. To violate this combination is every where a moſt unpopular action, and a ſort of reproach to a maſter among his neighbours and equals. We ſeldom, indeed, hear of this combination, becauſe it is the uſual, and one may ſay, the natural ſtate of things which nobody ever hears of. Maſters too ſometimes enter into particular combinations to ſink the wages of labour even below this rate. Theſe are always conducted with the utmoſt ſilence and ſecrecy, till the moment of execution, and when the workmen yield, as they ſometimes do, without reſiſtance, though ſeverely felt by them, they are never heard of by other people. Such combinations, however, are frequently reſiſted by a contrary defenſive combination of the workmen; who ſometimes too, without any provocation of this kind, combine of their own accord to raiſe the price of their labour. Their uſual pretences are, ſometimes the high price of proviſions; ſometimes the great profit which their maſters make by their work. But whether their combinations be offenſive or defenſive, they are always abundantly heard of. In order to bring the point to a ſpeedy deciſion, they have always recourſe to the loudeſt clamour, and ſometimes to the moſt ſhocking violence and outrage. They are deſperate, and act with the folly and extravagance of deſperate men, who muſt either ſtarve, or frighten their maſters into an immediate compliance with their demands. The maſters upon theſe occaſions are juſt as clamorous upon the other ſide, and never ceaſe to call aloud for the aſſiſtance of the civil magiſtrate, and the rigorous execution of thoſe laws which have been enacted with ſo much ſeverity againſt the combinations of ſervants, labourers, and journeymen. The workmen, accordingly, very ſeldom derive any advantage from the violence of thoſe tumultuous combinations, which, partly from the interpoſition of the civil magiſtrate, partly from the ſuperior ſteadineſs of the maſters, partly from the neceſſity which the greater part of the workmen are under of ſubmitting

mitting for the ſake of preſent ſubſiſtence, generally end in nothing, but the puniſhment or ruin of the ring-leaders.

BUT though in diſputes with their workmen, maſters muſt generally have the advantage, there is however a certain rate below which it ſeems impoſſible to reduce, for any conſiderable time, the ordinary wages even of the loweſt ſpecies of labour.

A MAN muſt always live by his work, and his wages muſt at leaſt be ſufficient to maintain him. They muſt even upon moſt occaſions be ſomewhat more; otherwiſe it would be impoſſible for him to bring up a family, and the race of ſuch workmen could not laſt beyond the firſt generation. Mr. Cantillon ſeems, upon this account, to ſuppoſe that the loweſt ſpecies of common labourers muſt every where earn at leaſt double their own maintenance, in order that one with another they may be enabled to bring up two children; the labour of the wife, on account of her neceſſary attendance on the children, being ſuppoſed no more than ſufficient to provide for herſelf. But one-half the children born, it is computed, die before the age of manhood. The pooreſt labourers, therefore, according to this account, muſt, one with another, attempt to rear at leaſt four children, in order that two may have an equal chance of living to that age. But the neceſſary maintenance of four children, it is ſuppoſed, may be nearly equal to that of one man. The labour of an able-bodied ſlave, the ſame author adds, is computed to be worth double his maintenance; and that of the meaneſt labourer, he thinks, cannot be worth leſs than that of an able-bodied ſlave. Thus far at leaſt ſeems certain, that, in order to bring up a family, the labour of the huſband and wife together muſt, even in the loweſt ſpecies of common labour, be able to earn ſomething more than what is preciſely neceſſary for their own maintenance; but in what proportion, whether in that above-mentioned, or in any other, I ſhall not take upon me to determine.

THERE are certain circumſtances, however, which ſometimes give the labourers an advantage, and enable them to raiſe their wages conſiderably above this rate; evidently the loweſt which is conſiſtent with common humanity.

WHEN

When in any country the demand for thoſe who live by wages; labourers, journeymen, ſervants of every kind, is continually increaſing; when every year furniſhes employment for a greater number than had been employed the year before, the workmen have no occaſion to combine in order to raiſe their wages. The ſcarcity of hands occaſions a competition among maſters, who bid againſt one another, in order to get workmen, and thus voluntarily break through the natural combination of maſters not to raiſe wages.

The demand for thoſe who live by wages, it is evident, cannot increaſe but in proportion to the increaſe of the funds which are deſtined for the payment of wages. Theſe funds are of two kinds; firſt, the revenue which is over and above what is neceſſary for the maintenance; and, ſecondly, the ſtock which is over and above what is neceſſary for the employment of their maſters.

When the landlord, annuitant, or monied man, has a greater revenue than what he judges ſufficient to maintain his own family, he employs either the whole or a part of the ſurplus in maintaining one or more menial ſervants. Increaſe this ſurplus, and he will naturally increaſe the number of thoſe ſervants.

When an independent workman, ſuch as a weaver or ſhoe-maker, has got more ſtock than what is ſufficient to purchaſe the materials of his own work, and to maintain himſelf till he can diſpoſe of it, he naturally employs one or more journeymen with the ſurplus, in order to make a profit by their work. Increaſe this ſurplus, and he will naturally increaſe the number of his journeymen.

The demand for thoſe who live by wages, therefore, neceſſarily increaſes with the increaſe of the revenue and ſtock of every country, and cannot poſſibly increaſe without it. The increaſe of revenue and ſtock is the increaſe of national wealth. The demand for thoſe who live by wages, therefore, naturally increaſes with the increaſe of national wealth, and cannot poſſibly increaſe without it.

It is not the actual greatneſs of national wealth, but its continual increaſe, which occaſions a riſe in the wages of labour. It is not, accordingly, in the richeſt countries, but in the

the moſt thriving, or in thoſe which are growing rich the faſteſt, that the wages of labour are higheſt. England is certainly, in the preſent times, a much richer country than any part of North America. The wages of labour, however, are much higher in North America than in any part of England. In the province of New York, common labourers earn * three ſhillings and ſixpence currency, equal to two ſhillings ſterling, a day; ſhip carpenters, ten ſhillings and ſixpence currency, with a pint of rum worth ſix-pence ſterling, equal in all to ſix ſhillings and ſixpence ſterling; houſe carpenters and bricklayers, eight ſhillings currency, equal to four ſhillings and ſixpence ſterling; journeymen taylors, five ſhillings currency, equal to about two ſhillings and ten-pence ſterling. Theſe prices are all above the London price; and wages are ſaid to be as high in the other colonies as in New York. The price of proviſions is every where in North America much lower than in England. A dearth has never been known there. In the worſt ſeaſons, they have always had a ſufficiency for themſelves, though leſs for exportation. If the money price of labour, therefore, be higher than it is any where in the mother country, its real price, the real command of the neceſſaries and conveniencies of life which it conveys to the labourer, muſt be higher in a ſtill greater proportion.

BUT though North America is not yet ſo rich as England, it is much more thriving, and advancing with much greater rapidity to the further acquiſition of riches. The moſt deciſive mark of the proſperity of any country is the increaſe of the number of its inhabitants. In Great Britain, and moſt other European countries, they are not ſuppoſed to double in leſs than five hundred years. In the Britiſh colonies in North America, it has been found, that they double in twenty or five-and-twenty years. Nor in the preſent times is this increaſe principally owing to the continual importation of new inhabitants, but to the great multiplication of the ſpecies. Thoſe who live to old age, it is ſaid, frequently ſee there from fifty to a hundred, and ſometimes many more, deſcendants from their own body. Labour is there ſo well rewarded, that a numerous family of children, inſtead of being a burthen, is a ſource of opulence and proſperity to the parents. The

* This was written in 1773, before the commencement of the preſent diſturbances.

The labour of each child, before it can leave their houſe, is computed to be worth a hundred pounds clear gain to them. A young widow with four or five young children, who, among the middling or inferior ranks of people in Europe, would have ſo little chance for a ſecond huſband, is there frequently courted as a ſort of fortune. The value of children is the greateſt of all encouragements to marriage. We cannot, therefore, wonder that the people in North America ſhould generally marry very young. Notwithſtanding the great increaſe occaſioned by ſuch early marriages, there is a continual complaint of the ſcarcity of hands in North America. The demand for labourers, the funds deſtined for maintaining them, increaſe, it ſeems, ſtill faſter than they can find labourers to employ.

THOUGH the wealth of a country ſhould be very great, yet if it has been long ſtationary, we muſt not expect to find the wages of labour very high in it. The funds deſtined for the payment of wages, the revenue and ſtock of its inhabitants, may be of the greateſt extent, but if they have continued for ſeveral centuries of the ſame, or very nearly of the ſame extent, the number of labourers employed every year could eaſily ſupply, and even more than ſupply, the number wanted the following year. There could ſeldom be any ſcarcity of hands, nor could the maſters be obliged to bid againſt one another in order to get them. The hands, on the contrary, would, in this caſe, naturally multiply beyond their employment. There would be a conſtant ſcarcity of employment, and the labourers would be obliged to bid againſt one another in order to get it. If in ſuch a country the wages of labour had ever been more than ſufficient to maintain the labourer, and to enable him to bring up a family, the competition of the labourers and the intereſt of the maſters would ſoon reduce them to this loweſt rate which is conſiſtent with common humanity. China has been long one of the richeſt, that is, one of the moſt fertile, beſt cultivated, moſt induſtrious, and moſt populous countries in the world. It ſeems, however, to have been long ſtationary. Marco Polo, who viſited it more than five hundred years ago, deſcribes its cultivation, induſtry, and populouſneſs, almoſt in the ſame terms in which they are deſcribed by travellers in the preſent times. It had perhaps, even long before his time, acquired that full complement of riches which the nature of its laws and inſtitutions permits it to acquire. The accounts of all travellers,

travellers, inconſiſtent in many other reſpects, agree in the low wages of labour, and in the difficulty which a labourer finds in bringing up a family in China. If by digging the ground a whole day he can get what will purchaſe a ſmall quantity of rice in the evening, he is contented. The condition of artificers, is, if poſſible, ſtill worſe. Inſtead of waiting indolently in their work-houſes, for the calls of their cuſtomers, as in Europe, they are continually running about the ſtreets with the tools of their reſpective trades, offering their ſervice, and as it were begging employment. The poverty of the lower ranks of people in China far ſurpaſſes that of the moſt beggarly nations in Europe. In the neighbourhood of Canton many hundred, it is commonly ſaid, many thouſand families have no habitation on the land, but live conſtantly in little fiſhing boats upon the rivers and canals. The ſubſiſtence which they find there is ſo ſcanty that they are eager to fiſh up the naſtieſt garbage thrown over board from any European ſhip. Any carrion, the carcaſe of a dead dog or cat, for example, though half putrid and ſtinking, is as welcome to them as the moſt wholeſome food to the people of other countries. Marriage is encouraged in China, not by the profitableneſs of children, but by the liberty of deſtroying them. In all great towns ſeveral are every night expoſed in the ſtreet, or drowned like puppies in the water. The performance of this horrid office is even ſaid to be the avowed buſineſs by which ſome people earn their ſubſiſtence.

China, however, though it may perhaps ſtand ſtill, does not ſeem to go backwards. Its towns are no-where deſerted by their inhabitants. The lands which had once been cultivated are no-where neglected. The ſame or very nearly the ſame annual labour muſt therefore continue to be performed, and the funds deſtined for maintaining it muſt not, conſequently, be ſenſibly diminiſhed. The loweſt claſs of labourers, therefore, notwithſtanding their ſcanty ſubſiſtence, muſt ſome way or another make ſhift to continue their race ſo far as to keep up their uſual numbers.

But it would be otherwiſe in a country where the funds deſtined for the maintenance of labour were ſenſibly decaying. Every year the demand for ſervants and labourers would, in all the different claſſes of employments, be leſs than it had been the year before. Many who had been bred in the ſuperior claſſes, not being able to find employment in their

their own buſineſs, would be glad to ſeek it in the loweſt. The loweſt claſs being not only overſtocked with its own workmen, but with the overflowings of all the other claſſes, the competition for employment would be ſo great in it, as to reduce the wages of labour to the moſt miſerable and ſcanty ſubſiſtence of the labourer. Many would not be able to find employment even upon theſe hard terms, but would either ſtarve or be driven to ſeek a ſubſiſtence either by begging, or by the perpetration perhaps of the greateſt enormities. Want, famine, and mortality would immediately prevail in that claſs, and from thence extend themſelves to all the ſuperior claſſes, till the number of inhabitants in the country was reduced to what could eaſily be maintained by the revenue and ſtock which remained in it, and which had eſcaped either the tyranny or calamity which had deſtroyed the reſt. This perhaps is nearly the preſent ſtate of Bengal, and of ſome other of the Engliſh ſettlements in the Eaſt Indies. In a fertile country which had before been much depopulated, where ſubſiſtence, conſequently, ſhould not be very difficult, and where, notwithſtanding, three or four hundred thouſand people die of hunger in one year, we may be aſſured that the funds deſtined for the maintenance of the labouring poor are faſt decaying. The difference between the genius of the Britiſh conſtitution which protects and governs North America, and that of the mercantile company which oppreſſes and domineers in the Eaſt Indies, cannot perhaps be better illuſtrated than by the different ſtate of thoſe countries.

THE liberal reward of labour, therefore, as it is the neceſſary effect, ſo it is the natural ſymptom of increaſing national wealth. The ſcanty maintenance of the labouring poor, on the other hand, is the natural ſymptom that things are at a ſtand, and their ſtarving condition that they are going faſt backwards.

IN Great Britain the wages of labour ſeem, in the preſent times, to be evidently more than what is preciſely neceſſary to enable the labourer to bring up a family. In order to ſatisfy ourſelves upon this point, it will not be neceſſary to enter into any tedious or doubtful calculation of what may be the loweſt ſum upon which it is poſſible to do this. There are many plain ſymptoms that the wages of labour are nowhere in this country regulated by this loweſt rate which is conſiſtent with common humanity.

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First, in almoſt every part of Great Britain there is a diſtinction, even in the loweſt ſpecies of labour, between ſummer and winter wages. Summer wages are always higheſt. But on account of the extraordinary expence of fewel, the maintenance of a family is moſt expenſive in winter. Wages, therefore, being higheſt when this expence is loweſt, it ſeems evident that they are not regulated by what is neceſſary for this expence; but by the quantity and ſuppoſed value of the work. A labourer, it may be ſaid, indeed, ought to ſave part of his ſummer wages in order to defray his winter expence; and that through the whole year they do not exceed what is neceſſary to maintain his family through the whole year. A ſlave, however, or one abſolutely dependent on us for immediate ſubſiſtence, would not be treated in this manner. His daily ſubſiſtence would be proportioned to his daily neceſſities.

Secondly, the wages of labour do not in Great Britain fluctuate with the price of proviſions. Theſe vary everywhere from year to year, frequently from month to month. But in many places the money price of labour remains uniformly the ſame ſometimes for half a century together. If in theſe places, therefore, the labouring poor can maintain their families in dear years, they muſt be at their eaſe in times of moderate plenty, and in affluence in thoſe of extraordinary cheapneſs. The high price of proviſions during theſe ten years paſt has not in many parts of the kingdom been accompanied with any ſenſible riſe in the money price of labour. It has, indeed, in ſome; owing probably more to the increaſe of the demand for labour than to that of the price of proviſions.

Thirdly, as the price of proviſions varies more from year to year than the wages of labour, ſo, on the other hand, the wages of labour vary more from place to place than the price of proviſions. The prices of bread and butcher's meat are generally the ſame or very nearly the ſame through the greater part of the united kingdom. Theſe and moſt other things which are ſold by retail, the way in which the labouring poor buy all things, are generally fully as cheap or cheaper in great towns than in the remoter parts of the country, for reaſons which I ſhall have occaſion to explain hereafter. But the wages of labour in a great town and its neighbourhood are frequently a fourth or a fifth part, twenty or five-and-twenty

twenty per cent. higher than at a few miles diſtance. Eighteen pence a day may be reckoned the common price of labour in London and its neighbourhood. At a few miles diſtance it falls to fourteen and fifteen pence. Ten pence may be reckoned its price in Edinburgh and its neighbourhood. At a few miles diſtance it falls to eight pence, the uſual price of common labour through the greater part of the low country of Scotland, where it varies a good deal leſs than in England. Such a difference of prices, which it ſeems is not always ſufficient to tranſport a man from one pariſh to another, would neceſſarily occaſion ſo great a tranſportation of the moſt bulky commodities, not only from one pariſh to another, but from one end of the kingdom, almoſt from one end of the world to the other, as would ſoon reduce them more nearly to a level. After all that has been ſaid of the levity and inconſtancy of human nature, it appears evidently from experience that a man is of all ſorts of luggage the moſt difficult to be tranſported. If the labouring poor, therefore, can maintain their families in thoſe parts of the kingdom where the price of labour is loweſt, they muſt be in affluence where it is higheſt.

FOURTHLY, the variations in the price of labour not only do not correſpond either in place or time with thoſe in the price of proviſions, but they are frequently quite oppoſite.

GRAIN, the food of the common people, is dearer in Scotland than in England, whence Scotland receives almoſt every year very large ſupplies. But Engliſh corn muſt be ſold dearer in Scotland, the country to which it is brought, than in England, the country from which it comes; and in proportion to its quality it cannot be ſold dearer in Scotland than the Scotch corn that comes to the ſame market in competition with it. The quality of grain depends chiefly upon the quantity of flour or meal which it yields at the mill, and in this reſpect Engliſh grain is ſo much ſuperior to the Scotch, that, though often dearer in appearance, or in proportion to the meaſure of its bulk, it is generally cheaper in reality, or in proportion to its quality, or even to the meaſure of its weight. The price of labour, on the contrary, is dearer in England than in Scotland. If the labouring poor, therefore, can maintain their families in the one part of the united kingdom, they muſt be in affluence in the other.

Oatmeal

Oatmeal indeed ſupplies the common people in Scotland with the greateſt and the beſt part of their food, which is in general much inferior to that of their neighbours of the ſame rank in England. This difference, however, in the mode of their ſubſiſtence is not the cauſe, but the effect of the difference in their wages; though, by a ſtrange miſapprehenſion, I have frequently heard it repreſented as the cauſe. It is not becauſe one man keeps a coach while his neighbour walks a-foot, that the one is rich and the other poor; but becauſe the one is rich he keeps a coach, and becauſe the other is poor he walks a-foot.

DURING the courſe of the laſt century, taking one year with another, grain was dearer in both parts of the united kingdom than during that of the preſent. This is a matter of fact which cannot now admit of any reaſonable doubt; and the proof of it is, if poſſible, ſtill more deciſive with regard to Scotland than with regard to England. It is in Scotland ſupported by the evidence of the publick fiars, annual valuations made upon oath, according to the actual ſtate of the markets, of all the different ſorts of grain in every different county of Scotland. If ſuch direct proof could require any collateral evidence to confirm it, I would obſerve that this has likewiſe been the caſe in France, and probably in moſt other parts of Europe. With regard to France there is the cleareſt proof. But though it is certain that in both parts of the united kingdom, grain was ſomewhat dearer in the laſt century than in the preſent, it is equally certain that labour was much cheaper. If the labouring poor, therefore, could bring up their families then, they muſt be much more at their eaſe now. In the laſt century, the moſt uſual day-wages of common labour through the greater part of Scotland were ſixpence in ſummer and fivepence in winter. Three ſhillings a week, the ſame price very nearly, ſtill continues to be paid in ſome parts of the Highlands and Weſtern Iſlands. Through the greater part of the low country the moſt uſual wages of common labour are now eight-pence a day; ten-pence, ſometimes a ſhilling about Edinburgh, in the counties which border upon England, probably on account of that neighbourhood, and in a few other places where there has lately been a conſiderable riſe in the demand for labour, about Glaſgow, Carron, Ayr-ſhire, &c. In England the improvements of agriculture, manufactures and commerce began much earlier than in Scotland.

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The demand for labour, and consequently its price, must necessarily have increased with those improvements. In the last century, accordingly, as well as in the present, the wages of labour were higher in England than in Scotland. They have risen too considerably since that time, though, on account of the greater variety of wages paid there in different places, it is more difficult to ascertain how much. In 1614, the pay of a foot soldier was the same as in the present times, eightpence a day. When it was first established it would naturally be regulated by the usual wages of common labourers, the rank of people from which foot soldiers are commonly drawn. Lord Chief Justice Hales, who wrote in the time of Charles II. computes the necessary expence of a labourer's family, consisting of six persons, the father and mother, two children able to do something, and two not able, at ten shillings a week, or twenty-six pounds a year. If they cannot earn this by their labour, they must make it up, he supposes, either by begging or stealing. He appears to have enquired very carefully into this subject *. In 1688, Mr. Gregory King, whose skill in political arithmetick is so much extolled by Doctor Davenant, computed the ordinary income of labourers and out-servants to be fifteen pounds a year to a family, which he supposed to consist, one with another, of three and a half persons. His calculation, therefore, though different in appearance, corresponds very nearly at bottom with that of judge Hales. Both suppose the weekly expence of such families to be about twenty-pence a head. Both the pecuniary income and expence of such families have increased considerably since that time through the greater part of the kingdom; in some places more, and in some less; though perhaps scarce any where so much as some exaggerated accounts of the present wages of labour have lately represented them to the publick. The price of labour, it must be observed, cannot be ascertained very accurately any where, different prices being often paid at the same place and for the same sort of labour, not only according to the different abilities of the workmen, but according to the easiness or hardness of the masters. Where wages are not regulated by law, all that we can pretend to determine is what are the most usual; and experience seems to show that law can never regulate them properly, though it has often pretended to do so.

* See his scheme for the maintenance of the Poor, in Burn's History of the Poor-laws.

THE real recompence of labour, the real quantity of the neceſſaries and conveniencies of life which it can procure to the labourer, has, during the courſe of the preſent century, increaſed perhaps in a ſtill greater proportion than its money price. Not only grain has become ſomewhat cheaper, but many other things from which the induſtrious poor derive an agreeable and wholeſome variety of food, have become a great deal cheaper. Potatoes, for example, do not at preſent, through the greater part of the kingdom, coſt half the price which they uſed to do thirty or forty years ago. The ſame thing may be ſaid of turnips, carrots, cabbages; things which were formerly never raiſed but by the ſpade, but which are now commonly raiſed by the plough. All ſort of garden ſtuff too has become cheaper. The greater part of the apples and even of the onions conſumed in Great Britain were in the laſt century imported from Flanders. The great improvements in the coarſer manufactures of both linen and woollen cloth furniſh the labourers with cheaper and better cloathing; and thoſe in the manufactures of the coarſer metals, with cheaper and better inſtruments of trade, as well as with many agreeable and convenient pieces of houſhold furniture. Soap, ſalt, candles, leather, and fermented liquors have, indeed, become a good deal dearer; chiefly from the taxes which have been laid upon them. The quantity of theſe, however, which the labouring poor are under any neceſſity of conſuming, is ſo very ſmall, that the increaſe in their price does not compenſate the diminution in that of ſo many other things. The common complaint that luxury extends itſelf even to the loweſt ranks of the people, and that the labouring poor will not now be contented with the ſame food, cloathing and lodging which ſatisfied them in former times, may convince us that it is not the money price of labour only, but its real recompence, which has augmented.

Is this improvement in the circumſtances of the lower ranks of the people to be regarded as an advantage or as an inconveniency to the ſociety? The anſwer ſeems at firſt ſight abundantly plain. Servants, labourers and workmen of different kinds, make up the far greater part of every great political ſociety. But what improves the circumſtances of the greater part can never be regarded as an inconveniency to the whole. No ſociety can ſurely be flouriſhing and happy, of which the far greater part of the members are poor and miſerable. It is but equity, beſides, that they who feed, cloath and lodge the whole body of the people, ſhould have ſuch a ſhare

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ſhare of the produce of their own labour as to be themſelves tolerably well fed, cloathed and lodged.

POVERTY, though it no doubt diſcourages, does not always prevent marriage. It ſeems even to be favourable to generation. A half-ſtarved Highland woman frequently bears more than twenty children, while a pampered fine lady is often incapable of bearing any, and is generally exhauſted by two or three. Barrenneſs, ſo frequent among women of faſhion, is very rare among thoſe of inferior ſtation. Luxury in the fair ſex, while it enflames perhaps the paſſion for enjoyment, ſeems always to weaken, and frequently to deſtroy altogether, the powers of generation.

BUT poverty, though it does not prevent the generation, is extremely unfavourable to the rearing of children. The tender plant is produced, but in ſo cold a ſoil and ſo ſevere a climate, ſoon withers and dies. It is not uncommon, I have been frequently told, in the Highlands of Scotland for a mother who has born twenty children not to have two alive. Several officers of great experience have aſſured me, that ſo far from recruiting their regiment, they have never been able to ſupply it with drums and fifes from all the ſoldiers children that were born in it. A greater number of fine children, however, is ſeldom ſeen anywhere than about a barrack of ſoldiers. Very few of them, it ſeems, arrive at the age of thirteen or fourteen. In ſome places one half the children born die before they are four years of age; in many places before they are ſeven; and in almoſt all places before they are nine or ten. This great mortality, however, will every where be found chiefly among the children of the common people, who cannot afford to tend them with the ſame care as thoſe of better ſtation. Though their marriages are generally more fruitful than thoſe of people of faſhion, a ſmaller proportion of their children arrive at maturity. In foundling hoſpitals, and among the children brought up by pariſh charities, the mortality is ſtill greater than among thoſe of the common people.

EVERY ſpecies of animals naturally multiplies in proportion to the means of their ſubſiſtence, and no ſpecies can ever multiply beyond it. But in civilized ſociety it is only among the inferior ranks of people that the ſcantineſs of ſubſiſtence can ſet limits to the further multiplication of the human ſpecies;

ſpecies; and it can do ſo in no other way than by deſtroying a great part of the children which their fruitful marriages produce.

THE liberal reward of labour, by enabling them to provide better for their children, and conſequently to bring up a greater number, naturally tends to widen and extend thoſe limits. It deſerves to be remarked too, that it neceſſarily does this as nearly as poſſible in the proportion which the demand for labour requires. If this demand is continually increaſing, the reward of labour muſt neceſſarily encourage in ſuch a manner the marriage and multiplication of labourers, as may enable them to ſupply that continually increaſing demand by a continually increaſing population. If the reward ſhould at any time be leſs than what was requiſite for this purpoſe, the deficiency of hands would ſoon raiſe it; and if it ſhould at any time be more, their exceſſive multiplication would ſoon lower it to this neceſſary rate. The market would be ſo much under-ſtocked with labour in the one caſe, and ſo much over-ſtocked in the other, as would ſoon force back its price to that proper rate which the circumſtances of the ſociety required. It is in this manner that the demand for men, like that for any other commodity, neceſſarily regulates the production of men; quickens it when it goes on too ſlowly, and ſtops it when it advances too faſt. It is this demand which regulates and determines the ſtate of propagation in all the different countries of the world, in North America, in Europe, and in China; which renders it rapidly progreſſive in the firſt, ſlow and gradual in the ſecond, and altogether ſtationary in the laſt.

THE wear and tear of a ſlave, it has been ſaid, is at the expence of his maſter; but that of a free ſervant is at his own expence. The wear and tear of the latter, however, is, in reality, as much at the expence of his maſter as that of the former. The wages paid to journeymen and ſervants of every kind muſt be ſuch as may enable them, one with another, to continue the race of journeymen and ſervants, according as the increaſing, diminiſhing, or ſtationary demand of the ſociety may happen to require. But though the wear and tear of a free ſervant be equally at the expence of his maſter, it generally coſts him much leſs than that of a ſlave. The fund deſtined for replacing or repairing, if I may ſay ſo, the wear and tear of the ſlave, is commonly managed by a negli-

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gent maſter or careleſs overſeer. That deſtined for performing the ſame office with regard to the free man, is managed by the free man himſelf. The diſorders which generally prevail in the œconomy of the rich, naturally introduce themſelves into the management of the former: The ſtrict frugality and parſimonious attention of the poor as naturally eſtabliſh themſelves in that of the latter. Under ſuch different management, the ſame purpoſe muſt require very different degrees of expence to execute it. It appears, accordingly, from the experience of all ages and nations, I believe, that the work done by freemen comes cheaper in the end than that performed by ſlaves. It is found to do ſo even at Boſton, New York, and Philadelphia, where the wages of common labour are ſo very high.

The liberal reward of labour, therefore, as it is the effect of increaſing wealth, ſo it is the cauſe of increaſing population. To complain of it is to lament over the neceſſary effect and cauſe of the greateſt public proſperity.

It deſerves to be remarked, perhaps, that it is in the progreſſive ſtate, while the ſociety is advancing to the further acquiſition, rather than when it has acquired its full complement of riches, that the condition of the labouring poor, of the great body of the people, ſeems to be the happieſt and the moſt comfortable. It is hard in the ſtationary, and miſerable in the declining ſtate. The progreſſive ſtate is in reality the chearful and the hearty ſtate to all the different orders of the ſociety. The ſtationary is dull; the declining, melancholy.

The liberal reward of labour, as it encourages the propagation, ſo it increaſes the induſtry of the common people. The wages of labour are the encouragement of induſtry, which, like every other human quality, improves in proportion to the encouragement it receives. A plentiful ſubſiſtence increaſes the bodily ſtrength of the labourer, and the comfortable hope of bettering his condition, and of ending his days perhaps in eaſe and plenty, animates him to exert that ſtrength to the utmoſt. Where wages are high, accordingly, we ſhall always find the workmen more active, diligent, and expeditious, than where they are low; in England, for example, than in Scotland; in the neighbourhood of great towns, than in remote country places. Some workmen, indeed,

deed, when they can earn in four days what will maintain them through the week, will be idle the other three. This, however, is by no means the caſe with the greater part. Workmen, on the contrary, when they are liberally paid by the piece, are very apt to over-work themſelves, and to ruin their health and conſtitution in a few years. A carpenter in London, and in ſome other places, is not ſuppoſed to laſt in his utmoſt vigour above eight years. Something of the ſame kind happens in many other trades, in which the workmen are paid by the piece; as they generally are in manufactures, and even in country labour, wherever wages are higher than ordinary. Almoſt every claſs of artificers is ſubject to ſome peculiar infirmity occaſioned by exceſſive application to their peculiar ſpecies of work. Ramuzzini, an eminent Italian phyſician, has written a particular book concerning ſuch diſeaſes. We do not reckon our ſoldiers the moſt induſtrious ſet of people among us. Yet when ſoldiers have been employed in ſome particular ſorts of work, and liberally paid by the piece, their officers have frequently been obliged to ſtipulate with the undertaker, that they ſhould not be allowed to earn above a certain ſum every day, according to the rate at which they were paid. Till this ſtipulation was made, mutual emulation and the deſire of greater gain, frequently prompted them to over-work themſelves, and to hurt their health by exceſſive labour. Exceſſive application during four days of the week, is frequently the real cauſe of the idleneſs of the other three, ſo much and ſo loudly complained of. Great labour, either of mind or body, continued for ſeveral days together, is in moſt men naturally followed by a great deſire of relaxation, which, if not reſtrained by force or by ſome ſtrong neceſſity, is almoſt irreſiſtible. It is the call of nature, which requires to be relieved by ſome indulgence, ſometimes of eaſe only, but ſometimes too of diſſipation and diverſion. If it is not complied with, the conſequences are often dangerous, and ſometimes fatal, and ſuch as almoſt always, ſooner or later, bring on the peculiar infirmity of the trade. If maſters would always liſten to the dictates of reaſon and humanity, they have frequently occaſion rather to moderate, than to animate the application of many of their workmen. It will be found, I believe, in every ſort of trade, that the man who works ſo moderately, as to be able to work conſtantly, not only preſerves his health the longeſt, but, in the courſe of the year, executes the greateſt quantity of work.

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In cheap years, it is pretended, workmen are generally more idle, and in dear ones more induſtrious than ordinary. A plentiful ſubſiſtence, therefore, it has been concluded, relaxes, and a ſcanty one quickens their induſtry. That a little more plenty than ordinary may render ſome workmen idle, cannot well be doubted; but that it ſhould have this effect upon the greater part, or that men in general ſhould work better when they are ill fed than when they are well fed, when they are diſheartened than when they are in good ſpirits, when they are frequently ſick than when they are generally in good health, ſeems not very probable. Years of dearth, it is to be obſerved, are generally among the common people years of ſickneſs and mortality, which cannot fail to diminiſh the produce of their induſtry.

In years of plenty, ſervants frequently leave their maſters, and truſt their ſubſiſtence to what they can make by their own induſtry. But the ſame cheapneſs of proviſions, by increaſing the fund which is deſtined for the maintenance of ſervants, encourages maſters, farmers eſpecially, to employ a greater number. Farmers upon ſuch occaſions expect more profit from their corn by maintaining a few more labouring ſervants, than by ſelling it at a low price in the market. The demand for ſervants increaſes, while the number of thoſe who offer to ſupply that demand diminiſhes. The price of labour, therefore, frequently riſes in cheap years.

In years of ſcarcity, the difficulty and uncertainty of ſubſiſtence make all ſuch people eager to return to ſervice. But the high price of proviſions, by diminiſhing the funds deſtined for the maintenance of ſervants, diſpoſes maſters rather to diminiſh than to increaſe the number of thoſe they have. In dear years too, poor independent workmen frequently conſume the little ſtocks with which they had uſed to ſupply themſelves with the materials of their work, and are obliged to become journeymen for ſubſiſtence. More people want employment than can eaſily get it; many are willing to take it upon lower terms than ordinary, and the wages of both ſervants and journeymen frequently ſink in dear years.

Maſters of all ſorts, therefore, frequently make better bargains with their ſervants in dear than in cheap years, and find them more humble and dependent in the former than in

in the latter. They naturally, therefore, commend the former as more favourable to induſtry. Landlords and farmers, beſides, two of the largeſt claſſes of maſters, have another reaſon for being pleaſed with dear years. The rents of the one and the profits of the other depend very much upon the price of proviſions. Nothing can be more abſurd, however, than to imagine that men in general ſhould work leſs when they work for themſelves, than when they work for other people. A poor independent workman will generally be more induſtrious than even a journeyman who works by the piece. The one enjoys the whole produce of his own induſtry; the other ſhares it with his maſter. The one, in his ſeparate independent ſtate, is leſs liable to the temptations of bad company, which in large manufactories ſo frequently ruin the morals of the other. The ſuperiority of the independent workman over thoſe ſervants who are hired by the month or by the year, and whoſe wages and maintenance are the ſame whether they do much or do little, is likely to be ſtill greater. Cheap years tend to increaſe the proportion of independent workmen to journeymen and ſervants of all kinds, and dear years to diminiſh it.

A FRENCH author of great knowledge and ingenuity, Mr. Meſſance, receiver of the taillies in the election of St. Etienne, endeavours to ſhow that the poor do more work in cheap than in dear years, by comparing the quantity and value of the goods made upon thoſe different occaſions in three different manufactures; one of coarſe woollens carried on at Elbeuf; one of linen, and another of ſilk, both which extend through the whole generality of Rouen. It appears from his account, which is copied from the regiſters of the public offices, that the quantity and value of the goods made in all thoſe three manufactures has generally been greater in cheap than in dear years; and that it has always been greateſt in the cheapeſt, and leaſt in the deareſt years. All the three ſeem to be ſtationary manufactures, or which, though their produce may vary ſomewhat from year to year, are upon the whole neither going backwards nor forwards.

THE manufacture of linen in Scotland, and that of coarſe woollens in the weſt riding of Yorkſhire, are growing manufactures, of which the produce is generally, though with ſome variations, increaſing both in quantity and value. Upon examining, however, the accounts which have been publiſhed

published of their annual produce, I have not been able to observe that its variations have had any sensible connection with the dearness or cheapness of the seasons. In 1740, a year of great scarcity, both manufactures, indeed, appear to have declined very considerably. But in 1756, another year of great scarcity, the Scotch manufacture made more than ordinary advances. The Yorkshire manufacture, indeed, declined, and its produce did not rise to what it had been in 1755 till 1766, after the repeal of the American stamp act. In that and the following year it greatly exceeded what it had ever been before, and it has continued to advance ever since.

THE produce of all great manufactures for distant sale must necessarily depend, not so much upon the dearness or cheapness of the seasons in the countries where they are carried on, as upon the circumstances which affect the demand in the countries where they are consumed; upon peace or war, upon the prosperity or declension of other rival manufactures, and upon the good or bad humour of their principal customers. A great part of the extraordinary work, besides, which is probably done in cheap years, never enters the public registers of manufactures. The men servants who leave their masters become independent labourers. The women return to their parents, and commonly spin in order to make cloaths for themselves and their families. Even the independent workmen do not always work for public sale, but are employed by some of their neighbours in manufactures for family use. The produce of their labour, therefore, frequently makes no figure in those public registers of which the records are sometimes published with so much parade, and from which our merchants and manufacturers would often vainly pretend to announce the prosperity or declension of the greatest empires.

THOUGH the variations in the price of labour, not only do not always correspond with those in the price of provisions, but are frequently quite opposite, we must not, upon this account, imagine that the price of provisions has no influence upon that of labour. The money price of labour is necessarily regulated by two circumstances; the demand for labour, and the price of the necessaries and conveniencies of life. The demand for labour, according as it happens to be increasing, stationary, or declining, or to require an increasing,

creaſing, ſtationary, or declining population, determines the quantity of the neceſſaries and conveniencies of life which muſt be given to the labourer; and the money price of labour is determined by what is requiſite for purchaſing this quantity. Though the money price of labour, therefore, is ſometimes high where the price of proviſions is low, it would be ſtill higher, the demand continuing the ſame, if the price of proviſions was high.

It is becauſe the demand for labour increaſes in years of ſudden and extraordinary plenty, and diminiſhes in thoſe of ſudden and extraordinary ſcarcity, that the money price of labour ſometimes riſes in the one, and ſinks in the other.

In a year of ſudden and extraordinary plenty, there are funds in the hands of many of the employers of induſtry, ſufficient to maintain and employ a greater number of induſtrious people than had been employed the year before; and this extraordinary number cannot always be had. Thoſe maſters, therefore, who want more workmen, bid againſt one another, in order to get them, which ſometimes raiſes both the real and the money price of their labour.

The contrary of this happens in a year of ſudden and extraordinary ſcarcity. The funds deſtined for employing induſtry are leſs than they had been the year before. A conſiderable number of people are thrown out of employment, who bid againſt one another, in order to get it, which ſometimes lowers both the real and the money price of labour. In 1740, a year of extraordinary ſcarcity, many people were willing to work for bare ſubſiſtence. In the ſucceeding years of plenty, it was more difficult to get labourers and ſervants.

The ſcarcity of a dear year, by diminiſhing the demand for labour, tends to lower its price, as the high price of proviſions tends to raiſe it. The plenty of a cheap year, on the contrary, by increaſing the demand, tends to raiſe the price of labour, as the cheapneſs of proviſions tends to lower it. In the ordinary variations of the price of proviſions, thoſe two oppoſite cauſes ſeem to counterbalance one another; which is probably in part the reaſon why the wages of labour are every-where ſo much more ſteady and permanent than the price of proviſions.

The

THE increaſe in the wages of labour neceſſarily increaſes the price of many commodities, by increaſing that part of it which reſolves itſelf into wages, and ſo far tends to diminiſh their conſumption both at home and abroad. The ſame cauſe, however, which raiſes the wages of labour, the increaſe of ſtock, tends to increaſe its productive powers, and to make a ſmaller quantity of labour produce a greater quantity of work. The owner of the ſtock which employs a great number of labourers, neceſſarily endeavours, for his own advantage, to make ſuch a proper diviſion and diſtribution of employment, that they may be enabled to produce the greateſt quantity of work poſſible. For the ſame reaſon, he endeavours to ſupply them with the beſt machinery which either he or they can think of. What takes place among the labourers in a particular workhouſe, takes place, for the ſame reaſon, among thoſe of a great ſociety. The greater their number, the more they naturally divide themſelves into different claſſes and ſubdiviſions of employment. More heads are occupied in inventing the moſt proper machinery for executing the work of each, and it is, therefore, more likely to be invented. There are many commodities, therefore, which, in conſequence of theſe improvements, come to be produced by ſo much leſs labour than before, that the increaſe of its price is more than compenſated by the diminution of its quantity.

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CHAP. IX.

Of the Profits of Stock.

THE riſe and fall in the profits of ſtock depend upon the ſame cauſes with the riſe and fall in the wages of labour, the increaſing or declining ſtate of the wealth of the ſociety; but thoſe cauſes affect the one and the other very differently.

THE increaſe of the ſtock, which raiſes wages, tends to lower profit. When the ſtocks of many rich merchants are turned into the ſame trade, their mutual competition naturally tends to lower its profit; and when there is a like increaſe of ſtock in all the different trades carried on in the ſame ſociety, the ſame competition muſt produce the ſame effect in them all.

IT is not eaſy, it has already been obſerved, to aſcertain what are the average wages of labour even in a particular place and at a particular time. We can, even in this caſe, ſeldom determine more than what are the moſt uſual wages. But even this can ſeldom be done with regard to the profits of ſtock. Profit is ſo very fluctuating, that the perſon who carries on a particular trade cannot always tell you himſelf what is the average of his annual profit. It is affected, not only by every variation of price in the commodities which he deals in, but by the good or bad fortune both of his rivals and of his cuſtomers, and by a thouſand other accidents to which goods when carried either by ſea or by land, or even when ſtored in a warehouſe, are liable. It varies, therefore, not only from year to year, but from day to day, and almoſt from hour to hour. To aſcertain what is the average profit of all the different trades carried on in a great kingdom, muſt be much more difficult; and to judge of what it may have been formerly, or in remote periods of time, with any degree of preciſion, muſt be altogether impoſſible.

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BUT

BUT though it may be impoſſible to determine, with any degree of preciſion, what are or were the average profits of ſtock, either in the preſent, or in antient times, ſome notion may be formed of them from the intereſt of money. It may be laid down as a maxim, that wherever a great deal can be made by the uſe of money, a great deal will commonly be given for the uſe of it; and that wherever little can be made by it, leſs will commonly be given for it. According, therefore, as the uſual market rate of intereſt varies in any country, we may be aſſured that the ordinary profits of ſtock muſt vary with it, muſt ſink as it ſinks, and riſe as it riſes. The progreſs of intereſt, therefore, may lead us to form ſome notion of the progreſs of profit.

BY the 37th of Henry VIII. all intereſt above ten per cent. was declared unlawful. More, it ſeems, had ſometimes been taken before that. In the reign of Edward VI. religious zeal prohibited all intereſt. This prohibition, however, like all others of the ſame kind, is ſaid to have produced no effect, and probably rather encreaſed than diminiſhed the evil of uſury. The ſtatute of Henry VIII. was revived by the 13th of Elizabeth, cap. 8. and ten per cent. continued to be the legal rate of intereſt till the 21ſt of James I. when it was reſtricted to eight per cent. It was reduced to ſix per cent. ſoon after the reſtoration, and by the 12th of Queen Anne, to five per cent. All theſe different ſtatutory regulations ſeem to have been made with great propriety. They ſeem to have followed and not to have gone before the market rate of intereſt, or the rate at which people of good credit uſually borrowed. Since the time of Queen Anne, five per cent. ſeems to have been rather above than below the market rate. Before the late war, the government borrowed at three per cent.; and people of good credit in the capital, and in many other parts of the kingdom, at three and a half, four, and four and a half per cent.

SINCE the time of Henry VIII. the wealth and revenue of the country have been continually advancing, and in the courſe of their progreſs, their pace ſeems rather to have been gradually accelerated than retarded. They ſeem, not only to have been going on, but to have been going on faſter and faſter. The wages of labour have been continually increaſing during the ſame period, and in the greater part of the different branches of

of trade and manufactures the profits of ſtock have been diminiſhing.

It generally requires a greater ſtock to carry on any ſort of trade in a great town than in a country village. The great ſtocks employed in every branch of trade, and the number of rich competitors, generally reduce the rate of profit in the former below what it is in the latter. But the wages of labour are generally higher in a great town than in a country village. In a thriving town the people who have great ſtocks to employ, frequently cannot get the number of workmen they want, and therefore bid againſt one another in order to get as many as they can, which raiſes the wages of labour, and lowers the profits of ſtock. In the remote parts of the country there is frequently not ſtock ſufficient to employ all the people, who therefore bid againſt one another in order to get employment, which lowers the wages of labour, and raiſes the profits of ſtock.

In Scotland, though the legal rate of intereſt is the ſame as in England, the market rate is rather higher. People of the beſt credit there ſeldom borrow under five per cent. Even private bankers in Edinburgh give four per cent. upon their promiſſory notes, of which payment either in whole or in part may be demanded at pleaſure. Private bankers in London give no intereſt for the money which is depoſited with them. There are few trades which cannot be carried on with a ſmaller ſtock in Scotland than in England. The common rate of profit, therefore, muſt be ſomewhat greater. The wages of labour, it has already been obſerved, are lower in Scotland than in England. The country too is not only much poorer, but the ſteps by which it advances to a better condition, for it is evidently advancing, ſeem to be much ſlower and more tardy.

The legal rate of intereſt in France has not, during the courſe of the preſent century, been always regulated by the market rate*. In 1720 intereſt was reduced from the twentieth to the fifteenth penny, or from five to two per cent. In 1724 it was raiſed to the thirtieth penny, or to $3\frac{1}{3}$ per cent. In 1725 it was again raiſed to the twentieth penny, or to five per cent. In 1766, during the adminiſtration of Mr. Laverdy,

* See Deniſart. Article Taux des Interets, tom. iii. p. 18.

dy, it was reduced to the twenty-fifth penny, or to four per cent. The Abbey Terry raiſed it afterwards to the old rate of five per cent. The ſuppoſed purpoſe of many of thoſe violent reductions of intereſt was to prepare the way for reducing that of the public debts; a purpoſe which has ſometimes been executed. France is perhaps in the preſent times not ſo rich a country as England; and though the legal rate of intereſt has in France frequently been lower than in England, the market rate has generally been higher; for there, as in other countries, they have ſeveral very ſafe and eaſy methods of evading the law. The profits of trade, I have been aſſured by Britiſh merchants who had traded in both countries, are higher in France than in England; and it is no doubt upon this account that many Britiſh ſubjects chuſe rather to employ their capitals in a country where trade is in diſgrace, than in one where it is highly reſpected. The wages of labour are lower in France than in England. When you go from Scotland to England, the difference which you may remark between the dreſs and countenance of the common people in the one country and in the other, ſufficiently indicates the difference in their condition. The contraſt is ſtill greater when you return from France. France, though no doubt a richer country than Scotland, ſeems not to be going forward ſo faſt. It is a common and even a popular opinion in the country that it is going backwards; an opinion which, I apprehend, is ill founded even with regard to France, but which nobody can poſſibly entertain with regard to Scotland, who ſees the country now and who ſaw it twenty or thirty years ago.

THE province of Holland, on the other hand, in proportion to the extent of its territory and the number of its people, is a richer country than England. The government there borrow at two per cent., and private people of good credit at three. The wages of labour are ſaid to be higher in Holland than in England, and the Dutch, it is well known, trade upon lower profits than any people in Europe. The trade of Holland, it has been pretended by ſome people, is decaying, and it may perhaps be true that ſome particular branches of it are ſo. But theſe ſymptoms ſeem to indicate ſufficiently that there is no general decay. When profit diminiſhes, merchants are very apt to complain that trade decays; though the diminution of profit is the natural effect of its proſperity, or of a greater ſtock being employed in it than before. During the late

late war the Dutch gained the whole carrying trade of France, of which they ſtill retain a very large ſhare. The great property which they poſſeſs both in the French and Engliſh funds, about forty millions, it is ſaid, in the latter (in which I ſuſpect, however, there is a conſiderable exaggeration); the great ſums which they lend to private people in countries where the rate of intereſt is higher than in their own, are circumſtances which no doubt demonſtrate the redundancy of their ſtock, or that it has increaſed beyond what they can employ with tolerable profit in the proper buſineſs of their own country: but they do not demonſtrate that that buſineſs has decreaſed. As the capital of a private man, though acquired by a particular trade, may increaſe beyond what he can employ in it, and yet that trade continue to increaſe too; ſo may likewiſe the capital of a great nation.

In our North American and Weſt Indian colonies, not only the wages of labour, but the intereſt of money, and conſequently the profits of ſtock, are higher than in England. In the different colonies both the legal and the market rate of intereſt run from ſix to eight per cent. High wages of labour and high profits of ſtock, however, are things, perhaps, which ſcarce ever go together, except in the peculiar circumſtances of new colonies. A new colony muſt always for ſome time be more under-ſtocked in proportion to the extent of its territory, and more under-peopled in proportion to the extent of its ſtock, than the greater part of other countries. They have more land than they have ſtock to cultivate. What they have, therefore, is applied to the cultivation only of what is moſt fertile and moſt favourably ſituated, the lands near the ſea ſhore, and along the banks of navigable rivers. Such land too is frequently purchaſed at a price below the value even of its natural produce. Stock employed in the purchaſe and improvement of ſuch lands muſt yield a very large profit, and conſequently afford to pay a very large intereſt. Its rapid accumulation in ſo profitable an employment enables the planter to increaſe the number of his hands faſter than he can find them in a new ſettlement. Thoſe whom he can find, therefore, are very liberally rewarded. As the colony increaſes, the profits of ſtock gradually diminiſh. When the moſt fertile and beſt ſituated lands have been all occupied, leſs profit can be made by the cultivation of what is inferior both in ſoil and ſituation, and leſs intereſt can be afforded for the ſtock which is ſo employed. In the greater

greater part of our colonies, accordingly, both the legal and the market rate of intereſt have been conſiderably reduced during the courſe of the preſent century. As riches, improvement, and population have increaſed, intereſt has declined. The wages of labour do not ſink with the profits of ſtock. The demand for labour increaſes with the increaſe of ſtock whatever be its profits; and after theſe are diminiſhed, ſtock may not only continue to increaſe, but to increaſe much faſter than before. It is with induſtrious nations who are advancing in the acquiſition of riches, as with induſtrious individuals. A great ſtock, though with ſmall profits, generally increaſes faſter than a ſmall ſtock with great profits. Money, ſays the proverb, makes money. When you have got a little, it is often eaſy to get more. The great difficulty is to get that little. The connection between the increaſe of ſtock and that of induſtry, or of the demand for uſeful labour, has partly been explained already, but will be explained more fully hereafter in treating of the accumulation of ſtock.

THE acquiſition of new territory, or of new branches of trade, may ſometimes raiſe the profits of ſtock, and with them the intereſt of money, even in a country which is faſt advancing in the acquiſition of riches. The ſtock of the country not being ſufficient for the whole acceſſion of buſineſs, which ſuch acquiſitions preſent to the different people among whom it is divided, is applied to thoſe particular branches only which afford the greateſt profit. Part of what had before been employed in other trades, is neceſſarily withdrawn from them, and turned into ſome of the new and more profitable ones. In all thoſe old trades, therefore, the competition comes to be leſs than before. The market comes to be leſs fully ſupplied with many different ſorts of goods. Their price neceſſarily riſes more or leſs, and yields a greater profit to thoſe who deal in them, who can, therefore, afford to borrow at a higher intereſt. For ſome time after the concluſion of the late war, not only private people of the beſt credit, but ſome of the greateſt companies in London, commonly borrowed at five per cent. who before that had not been uſed to pay more than four, and four and a half per cent. The great acceſſion both of territory and trade, by our acquiſitions in North America and the Weſt Indies, will ſufficiently account for this, without ſuppoſing any diminution in the capital ſtock of the ſociety. So great

an acceſſion of new buſineſs to be carried on by the old ſtock, muſt neceſſarily have diminiſhed the quantity employed in a great number of particular branches, in which the competition being leſs, the profits muſt have been greater. I ſhall hereafter have occaſion to mention the reaſons which diſpoſe me to believe that the capital ſtock of Great Britain was not diminiſhed even by the enormous expence of the late war.

THE diminution of the capital ſtock of the ſociety, or of the funds deſtined for the maintenance of induſtry, however, as it lowers the wages of labour, ſo it raiſes the profits of ſtock, and conſequently the intereſt of money. By the wages of labour being lowered, the owners of what ſtock remains in the ſociety can bring their goods at leſs expence to market than before, and leſs ſtock being employed in ſupplying the market than before, they can ſell them dearer. Their goods coſt them leſs, and they get more for them. Their profits, therefore, being augmented at both ends, can well afford a large intereſt. The great fortunes ſo ſuddenly and ſo eaſily acquired in Bengal and the other Britiſh ſettlements in the Eaſt Indies, may ſatisfy us that, as the wages of labour are very low, ſo the profits of ſtock are very high in thoſe ruined countries. The intereſt of money is proportionably ſo. In Bengal, money is frequently lent to the farmers at forty, fifty, and ſixty per cent. and the ſucceeding crop is mortgaged for the payment. As the profits which can afford ſuch an intereſt muſt eat up almoſt the whole rent of the landlord, ſo ſuch enormous uſury muſt in its turn eat up the greater part of thoſe profits. Before the fall of the Roman republick, a uſury of the ſame kind ſeems to have been common in the provinces, under the ruinous adminiſtration of their proconſuls. The virtuous Brutus lent money in Cyprus at eight-and-forty per cent. as we learn from the letters of Cicero.

IN a country which had acquired that full complement of riches which the nature of its ſoil and climate, and its ſituation with reſpect to other countries allowed it to acquire; which could, therefore, advance no further, and which was not going backwards, both the wages of labour and the profits of ſtock would probably be very low. In a country fully peopled in proportion to what either its territory could maintain or its ſtock employ, the competition for employment would

would neceſſarily be ſo great as to reduce the wages of labour to what was barely ſufficient to keep up the number of labourers, and, the country being already fully peopled, that number could never be augmented. In a country fully ſtocked in proportion to all the buſineſs it had to tranſact, as great a quantity of ſtock would be employed in every particular branch as the nature and extent of the trade would admit. The competition, therefore, would every-where be as great, and conſequently the ordinary profit as low as poſſible.

BUT perhaps no country has ever yet arrived at this degree of opulence. China ſeems to have been long ſtationary, and had probably long ago acquired that full complement of riches which is conſiſtent with the nature of its laws and inſtitutions. But this complement may be much inferior to what, with other laws and inſtitutions, the nature of its ſoil, climate, and ſituation might admit of. A country which neglects or deſpiſes foreign commerce, and which admits the veſſels of foreign nations into one or two of its ports only, cannot tranſact the ſame quantity of buſineſs which it might do with different laws and inſtitutions. In a country too where, though the rich or the owners of large capitals enjoy a good deal of ſecurity, the poor or the owners of ſmall capitals enjoy ſcarce any, but are liable, under the pretence of juſtice, to be pillaged and plundered at any time by the inferior mandarines, the quantity of ſtock employed in all the different branches of buſineſs tranſacted within it, can never be equal to what the nature and extent of that buſineſs might admit. In every different branch, the oppreſſion of the poor muſt eſtabliſh the monopoly of the rich, who, by engroſſing the whole trade to themſelves, will be able to make very large profits. Twelve per cent. accordingly is ſaid to be the common intereſt of money in China, and the ordinary profits of ſtock muſt be ſufficient to afford this large intereſt.

A DEFECT in the law may ſometimes raiſe the rate of intereſt conſiderably above what the condition of the country, as to wealth or poverty, would require. When the law does not enforce the performance of contracts, it puts all borrowers nearly upon the ſame footing with bankrupts or people of doubtful credit in better regulated countries. The uncertainty of recovering his money makes the lender exact the

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ſame uſurious intereſt which is uſually required from bankrupts. Among the barbarous nations who over-run the weſtern provinces of the Roman empire, the performance of contracts was left for many ages to the faith of the contracting parties. The courts of juſtice of their kings ſeldom intermeddled in it. The high rate of intereſt which took place in thoſe antient times may perhaps be partly accounted for from this cauſe.

When the law prohibits intereſt altogether, it does not prevent it. Many people muſt borrow, and nobody will lend without ſuch a conſideration for the uſe of their money as is ſuitable, not only to what can be made by the uſe of it, but to the difficulty and danger of evading the law. The high rate of intereſt among all Mahometan nations is accounted for by Mr. Monteſquieu, not from their poverty, but partly from this, and partly from the difficulty of recovering the money.

The loweſt ordinary rate of profit muſt always be ſomething more than what is ſufficient to compenſate the occaſional loſſes to which every employment of ſtock is expoſed. It is this ſurplus only which is neat or clear profit. What is called groſs profit comprehends frequently, not only this ſurplus, but what is retained for compenſating ſuch extraordinary loſſes. The intereſt which the borrower can afford to pay is in proportion to the clear profit only.

The loweſt ordinary rate of intereſt muſt, in the ſame manner, be ſomething more than ſufficient to compenſate the occaſional loſſes to which lending, even with tolerable prudence, is expoſed. Were it not more, charity or friendſhip could be the only motives for lending.

In a country which had acquired its full complement of riches, where in every particular branch of buſineſs there was the greateſt quantity of ſtock that could be employed in it, as the ordinary rate of clear profit would be very ſmall, ſo the uſual market rate of intereſt which could be afforded out of it, would be ſo low as to render it impoſſible for any but the very wealthieſt people to live upon the intereſt of their money. All people of ſmall or middling fortunes would be obliged to ſuperintend themſelves the employment of their own ſtocks. It would be neceſſary that almoſt every man

ſhould be a man of buſineſs, or engage in ſome ſort of trade. The province of Holland ſeems to be approaching near to this ſtate. It is there unfaſhionable not to be a man of buſineſs. Neceſſity makes it uſual for almoſt every man to be ſo, and cuſtom every where regulates faſhion. As it is ridiculous not to dreſs, ſo is it, in ſome meaſure, not to be employed, like other people. As a man of a civil profeſſion ſeems aukward in a camp or a garriſon, and is even in ſome danger of being deſpiſed there, ſo does an idle man among men of buſineſs.

THE higheſt ordinary rate of profit may be ſuch as, in the price of the greater part of commodities, eats up the whole of what ſhould go to the rent of the land, and leaves only what is ſufficient to pay the labour of preparing and bringing them to market, according to the loweſt rate at which labour can any-where be paid, the bare ſubſiſtence of the labourer. The workman muſt always have been fed in ſome way or other while he was about the work; but the landlord may not always have been paid. The profits of the trade which the ſervants of the Eaſt India Company carry on in Bengal may not perhaps be very far from this rate.

THE proportion which the uſual market rate of intereſt ought to bear to the ordinary rate of clear profit, neceſſarily varies as profit riſes or falls. Double intereſt is in Great Britain reckoned, what the merchants call, a good, moderate, reaſonable profit; terms which I apprehend mean no more than a common and uſual profit. In a country where the ordinary rate of clear profit is eight or ten per cent., it may be reaſonable that one half of it ſhould go to intereſt, wherever buſineſs is carried on with borrowed money. The ſtock is at the riſk of the borrower, who, as it were, inſures it to the lender; and four or five per cent. may, in the greater part of trades, be both a ſufficient profit upon the riſk of this inſurance, and a ſufficient recompence for the trouble of employing the ſtock. But the proportion between intereſt and clear profit might not be the ſame in countries where the ordinary rate of profit was either a good deal lower, or a good deal higher. If it were a good deal lower, one half of it perhaps could not be afforded for intereſt; and more might be afforded if it were a good deal higher.

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In countries which are faſt advancing to riches, the low rate of profit may, in the price of many commodities, compenſate the high wages of labour, and enable thoſe countries to ſell as cheap as their leſs thriving neighbours, among whom the wages of labour may be lower.

In reality high profits tend much more to raiſe the price of work than high wages. If in the linen manufacture, for example, the wages of the different working people; the flax-dreſſers, the ſpinners, the weavers, &c. ſhould, all of them, be advanced two pence a day: it would be neceſſary to heighten the price of a piece of linen only by a number of two pences equal to the number of people that had been employed about it, multiplied by the number of days during which they had been ſo employed. That part of the price of the commodity which reſolved itſelf into wages would, through all the different ſtages of the manufacture, riſe only in arithmetical proportion to this riſe of wages. But if the profits of all the different employers of thoſe working people ſhould be raiſed five per cent. that part of the price of the commodity which reſolved itſelf into profit, would, through all the different ſtages of the manufacture, riſe in geometrical proportion to this riſe of profit. The employer of the flax-dreſſers would in ſelling his flax require an additional five per cent. upon the whole value of the materials and wages which he advanced to his workmen. The employer of the ſpinners would require an additional five per cent. both upon the advanced price of the flax and upon the wages of the ſpinners. And the employer of the weavers would require a like five per cent. both upon the advanced price of the linen yarn and upon the wages of the weavers. In raiſing the price of commodities the riſe of wages operates in the ſame manner as ſimple intereſt does in the accumulation of debt. The riſe of profit operates like compound intereſt. Our merchants and maſter-manufacturers complain much of the bad effects of high wages in raiſing the price, and thereby leſſening the ſale of their goods both at home and abroad. They ſay nothing concerning the bad effects of high profits. They are ſilent with regard to the pernicious effect of their own gains. They complain only of thoſe of other people.

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CSL

CHAP. X.

Of Wages and Profits in the different Employments of Labour and Stock.

THE whole of the advantages and diſadvantages of the different employments of labour and ſtock muſt, in the ſame neighbourhood, be either perfectly equal or continually tending to equality. If in the ſame neighbourhood, there was any employment evidently either more or leſs advantageous than the reſt, ſo many people would crowd into it in the one caſe, and ſo many would deſert it in the other, that its advantages would ſoon return to the level of other employments. This at leaſt would be the caſe in a ſociety where things were left to follow their natural courſe, where there was perfect liberty, and where every man was perfectly free both to chuſe what occupation he thought proper, and to change it as often as he thought proper. Every man's intereſt would prompt him to ſeek the advantageous, and to ſhun the diſadvantageous employment.

PECUNIARY wages and profit, indeed, are every-where in Europe extremely different, according to the different employments of labour and ſtock. But this difference ariſes partly from certain circumſtances in the employments themſelves, which, either really, or at leaſt in the imaginations of men, make up for a ſmall pecuniary gain in ſome, and counter-balance a great one in others; and partly from the policy of Europe, which no-where leaves things at perfect liberty.

THE particular conſideration of thoſe circumſtances and of that policy will divide this chapter into two parts.

PART I.

PART I.

Inequalities arising from the Nature of the Employments themselves.

THE five following are the principal circumstances which, so far as I have been able to observe, make up for a small pecuniary gain in some employments, and counter-balance a great one in others: first, the agreeableness or disagreeableness of the employments themselves; secondly, the easiness and cheapness, or the difficulty and expence of learning them; thirdly, the constancy or inconstancy of employment in them; fourthly, the small or great trust which must be reposed in those who exercise them; and, fifthly, the probability or improbability of success in them.

FIRST, The wages of labour vary with the ease or hardship, the cleanliness or dirtiness, the honourableness or dishonourableness of the employment. Thus in most places, take the year round, a journeyman taylor earns less than a journeyman weaver. His work is much easier. A journeyman weaver earns less than a journeyman smith. His work is not always easier, but it is much cleanlier. A journeyman blacksmith, though an artificer, seldom earns so much in twelve hours as a collier, who is only a labourer, does in eight. His work is not quite so dirty, is less dangerous, and is carried on in day-light, and above ground. Honour makes a great part of the reward of all honourable professions. In point of pecuniary gain, all things considered, they are generally underrecompenced, as I shall endeavour to show by and by. Disgrace has the contrary effect. The trade of a butcher is a brutal and an odious business; but it is in most places more profitable than the greater part of common trades. The most detestable of all employments, that of public executioner, is in proportion to the quantity of work done, better paid than any common trade whatever.

HUNTING

HUNTING and fiſhing, the moſt important employments of mankind in the rude ſtate of ſociety, become in its advanced ſtate their moſt agreeable amuſements, and they purſue for pleaſure what they once followed from neceſſity. In the advanced ſtate of ſociety, therefore, they are all very poor people who follow as a trade, what other people purſue as a paſtime. Fiſhermen have been ſo ſince the time of *Theocritus. A poacher is every-where a very poor man in Great Britain. In countries where the rigour of the law ſuffers no poachers, the licenſed hunter is not in a much better condition. The natural taſte for thoſe employments makes more people follow them than can live comfortably by them, and the produce of their labour, in proportion to its quantity, comes always too cheap to market to afford any thing but the moſt ſcanty ſubſiſtence to the labourers.

DISAGREEABLENESS and diſgrace affect the profits of ſtock in the ſame manner as the wages of labour. The keeper of an inn or tavern, who is never maſter of his own houſe, and who is expoſed to the brutality of every drunkard, exerciſes neither a very agreeable nor a very creditable buſineſs. But there is ſcarce any common trade in which a ſmall ſtock yields ſo great a profit.

SECONDLY, the wages of labour vary with the eaſineſs and cheapneſs, or the difficulty and expence of learning the buſineſs.

WHEN any expenſive machine is erected, the extraordinary work to be performed by it before it is worn out, it muſt be expected, will replace the capital laid upon it, with at leaſt the ordinary profits. A man educated at the expence of much labour and time to any of thoſe employments which require extraordinary dexterity and ſkill, may be compared to one of thoſe expenſive machines. The work which he learns to perform, it muſt be expected, over and above the uſual wages of common labour, will replace to him the whole expence of his education, with at leaſt the ordinary profits of an equally valuable capital. It muſt do this too in a reaſonable time, regard being had to the very uncertain duration of human life in the ſame manner as to the more certain duration of the machine.

THE difference between the wages of ſkilled labour and thoſe of common labour, is founded upon this principle.

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* See Idyllium XXI.

THE policy of Europe conſiders the labour of all mechanicks, artificers, and manufacturers, as ſkilled labour; and that of all country labourers as common labour. It ſeems to ſuppoſe that of the former to be of a more nice and delicate nature than that of the latter. It is ſo perhaps in ſome caſes: but in the greater part it is quite otherwiſe, as I ſhall endeavour to ſhew by and by. The laws and cuſtoms of Europe, therefore, in order to qualify any perſon for exerciſing the one ſpecies of labour, impoſe the neceſſity of an apprenticeſhip, though with different degrees of rigour in different places. They leave the other free and open to every body. During the continuance of the apprenticeſhip, the whole labour of the apprentice belongs to his maſter. In the mean time he muſt in many caſes, be maintained by his parents or relations, and in almoſt all caſes muſt be cloathed by them. Some money too is commonly given to the maſter for teaching him his trade. They who cannot give money, give time, or become bound for more than the uſual number of years; a conſideration which, though it is not always advantageous to the maſter, on account of the uſual idleneſs of apprentices, is always diſadvantageous to the apprentice. In country labour, on the contrary, the labourer, while he is employed about the eaſier, learns the more difficult parts of his buſineſs, and his own labour maintains him through all the different ſtages of his employment. It is reaſonable, therefore, that in Europe the wages of mechanicks, artificers, and manufacturers, ſhould be ſomewhat higher than thoſe of common labourers. They are ſo accordingly, and their ſuperior gains make them in moſt places be conſidered as a ſuperior rank of people. This ſuperiority, however, is generally very ſmall; the daily or weekly earnings of journeymen in the more common ſorts of manufactures, ſuch as thoſe of plain linen and woollen cloth, computed at an average, are, in moſt places, very little more than the day wages of common labourers. Their employment, indeed, is more ſteady and uniform, and the ſuperiority of their earnings, taking the whole year together, may be ſomewhat greater. It ſeems evidently, however, to be no greater than what is ſufficient to compenſate the ſuperior expence of their education.

EDUCATION in the ingenious arts and in the liberal profeſſions, is ſtill more tedious and expenſive. The pecuniary recompence, therefore, of painters and ſculptors, of lawyers and

and phyſicians, ought to be much more liberal: and it is ſo accordingly.

THE profits of ſtock ſeem to be very little affected by the eaſineſs or difficulty of learning the trade in which it is employed. All the different ways in which ſtock is commonly employed in great towns ſeem, in reality, to be almoſt equally eaſy and equally difficult to learn. One branch either of foreign or domeſtick trade, cannot well be a much more intricate buſineſs than another.

THIRDLY, the wages of labour in different occupations vary with the conſtancy or inconſtancy of employment.

EMPLOYMENT is much more conſtant in ſome trades than in others. In the greater part of manufactures, a journeyman may be pretty ſure of employment almoſt every day in the year that he is able to work. A maſon or bricklayer, on the contrary, can work neither in hard froſt nor in foul weather, and his employment at all other times depends upon the occaſional calls of his cuſtomers. He is liable, in conſequence, to be frequently without any. What he earns, therefore, while he is employed, muſt not only maintain him while he is idle, but make him ſome compenſation for thoſe anxious and deſponding moments which the thought of ſo precarious a ſituation muſt ſometimes occaſion. Where the computed earnings of the greater part of manufacturers, accordingly, are nearly upon a level with the day wages of common labourers, thoſe of maſons and bricklayers are generally from one half more to double thoſe wages. Where common labourers earn four and five ſhillings a week, maſons and bricklayers frequently earn ſeven and eight; where the former earn ſix, the latter often earn nine and ten; and where the former earn nine and ten, as in London, the latter commonly earn fifteen and eighteen. No ſpecies of ſkilled labour, however, ſeems more eaſy to learn than that of maſons and bricklayers. Chairmen in London, during the ſummer ſeaſon, are ſaid ſometimes to be employed as bricklayers. The high wages of thoſe workmen, therefore, are not ſo much the recompence of their ſkill, as the compenſation for the inconſtancy of their employment.

A HOUSE carpenter ſeems to exerciſe rather a nicer and more ingenious trade than a maſon. In moſt places, however, for it is not univerſally ſo, his day-wages are ſomewhat lower.

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lower. His employment, though it depends much, does not depend so entirely upon the occasional calls of his customers; and it is not liable to be interrupted by the weather.

When the trades which generally afford constant employment, happen in a particular place not to do so, the wages of the workmen always rise a good deal above their ordinary proportion to those of common labour. In London almost all journeymen artificers are liable to be called upon and dismissed by their masters from day to day, and from week to week, in the same manner as day-labourers in other places. The lowest order of artificers, journeymen taylors, accordingly, earn there half a crown a-day, though eighteen-pence may be reckoned the wages of common labour. In small towns and country-villages, the wages of journeymen taylors frequently scarce equal those of common labour; but in London they are often many weeks without employment, particularly during the summer.

When the inconstancy of employment is combined with the hardship, disagreeableness and dirtiness of the work, it sometimes raises the wages of the most common labourer above those of the most skilful artificers. A collier working by the piece is supposed, at Newcastle, to earn commonly about double, and in many parts of Scotland about three times the wages of common labour. His high wages arise altogether from the hardship, disagreeableness, and dirtiness of his work. His employment may, upon most occasions, be as constant as he pleases. The coal-heavers in London exercise a trade which in hardship, dirtiness, and disagreeableness, almost equals that of colliers; and from the unavoidable irregularity in the arrivals of coal-ships, the employment of the greater part of them is necessarily very inconstant. If colliers, therefore, commonly earn double and triple the wages of common labour, it ought not to seem unreasonable that coal-heavers should sometimes earn four and five times those wages. In the enquiry made into their condition a few years ago, it was found that at the rate at which they were then paid, they could earn from six to ten shillings a day. Six shillings are about four times the wages of common labour in London, and in every particular trade, the lowest common earnings may always be considered as those of the far greater number. How extravagant soever those earnings may appear, if they were more than sufficient to compensate all the disagreeable circumstances

ſtances of the buſineſs, there would ſoon be ſo great a number of competitors, as, in a trade which has no excluſive privilege, would quickly reduce them to a lower rate.

THE conſtancy or inconſtancy of employment cannot affect the ordinary profits of ſtock in any particular trade. Whether the ſtock is or is not conſtantly employed depends, not upon the trade, but the trader.

FOURTHLY, The wages of labour vary according to the ſmall or great truſt which muſt be repoſed in the workmen.

THE wages of goldſmiths and jewellers are every where ſuperior to thoſe of many other workmen, not only of equal, but of much ſuperior ingenuity; on account of the precious materials with which they are intruſted.

WE truſt our health to the phyſician; our fortune and ſometimes our life and reputation to the lawyer and attorney. Such confidence could not ſafely be repoſed in people of a very mean or low condition. Their reward muſt be ſuch, therefore, as may give them that rank in the ſociety which ſo important a truſt requires. The long time and the great expence which muſt be laid out in their education, when combined with this circumſtance, neceſſarily enhance ſtill further the price of their labour.

WHEN a perſon employs only his own ſtock in trade, there is no truſt; and the credit which he may get from other people, depends, not upon the nature of his trade, but upon their opinion of his fortune, probity, and prudence. The different rates of profit, therefore, in the different branches of trade, cannot ariſe from the different degrees of truſt repoſed in the traders.

FIFTHLY, the wages of labour in different employments vary according to the probability or improbability of ſucceſs in them.

THE probability that any particular perſon ſhall ever be qualified for the employment to which he is educated, is very different in different occupations. In the greater part of mechanic trades, ſucceſs is almoſt certain; but very uncertain in

in the liberal profeſſions. Put your ſon apprentice to a ſhoemaker, there is little doubt of his learning to make a pair of ſhoes: But ſend him to ſtudy the law, it is at leaſt twenty to one if ever he makes ſuch proficiency as will enable him to live by the buſineſs. In a perfectly fair lottery, thoſe who draw the prizes ought to gain all that is loſt by thoſe who draw the blanks. In a profeſſion where twenty fail for one that ſucceeds, that one ought to gain all that ſhould have been gained by the unſucceſsful twenty. The counſellor at law, who, perhaps at near forty years of age, begins to make ſomething by his profeſſion, ought to receive the retribution, not only of his own ſo tedious and expenſive education, but of that of more than twenty others who are never likely to make any thing by it. How extravagant ſoever the fees of counſellors at law may ſometimes appear, their real retribution is never equal to this. Compute in any particular place, what is likely to be annually gained, and what is likely to be annually ſpent, by all the different workmen in any common trade, ſuch as that of ſhoemakers or weavers, and you will find that the former ſum will generally exceed the latter. But make the ſame computation with regard to all the counſellors and ſtudents of law, in all the different inns of court, and you will find that their annual gains bear but a very ſmall proportion to their annual expence, even though you rate the former as high, and the latter as low, as can well be done. The lottery of the law, therefore, is very far from being a perfectly fair lottery; and that, as well as many other liberal and honourable profeſſions, are, in point of pecuniary gain, evidently under-recompenced.

Those profeſſions keep their level, however, with other occupations, and, notwithſtanding theſe diſcouragements, all the moſt generous and liberal ſpirits are eager to crowd into them. Two different cauſes contribute to recommend them. Firſt, the deſire of the reputation which attends upon ſuperior excellence in any of them; and, ſecondly, the natural confidence which every man has more or leſs, not only in his own abilities, but in his own good fortune.

To excel in any profeſſion, in which but few arrive at mediocrity, is the moſt deciſive mark of what is called genius or ſuperior talents. The public admiration which attends upon ſuch diſtinguiſhed abilities, makes always a part of their reward; a greater or ſmaller in proportion as it is higher or lower

lower in degree. It makes a conſiderable part of that reward in the profeſſion of phyſic; a ſtill greater perhaps in that of law; in poetry and philoſophy it makes almoſt the whole.

THERE are ſome very agreeable and beautiful talents of which the poſſeſſion commands a certain ſort of admiration; but of which the exerciſe for the ſake of gain is conſidered, whether from reaſon or prejudice, as a ſort of public proſtitution. The pecuniary recompence, therefore, of thoſe who exerciſe them in this manner, muſt be ſufficient, not only to pay for the time, labour, and expence of acquiring the talents, but for the diſcredit which attends the employment of them as the means of ſubſiſtence. The exorbitant rewards of players, opera-ſingers, opera-dancers, &c. are founded upon thoſe two principles; the rarity and beauty of the talents, and the diſcredit of employing them in this manner. It ſeems abſurd at firſt ſight that we ſhould deſpiſe their perſons, and yet reward their talents with the moſt profuſe liberality. While we do the one, however, we muſt of neceſſity do the other. Should the public opinion or prejudice ever alter with regard to ſuch occupations, their pecuniary recompence would quickly diminiſh. More people would apply to them, and the competition would quickly reduce the price of their labour. Such talents, though far from being common, are by no means ſo rare as is imagined. Many people poſſeſs them in great perfection, who diſdain to make this uſe of them; and many more are capable of acquiring them, if any thing could be made honourably by them.

THE over-weening conceit which the greater part of men have of their own abilities, is an antient evil remarked by the philoſophers and moraliſts of all ages. Their abſurd preſumption in their own good fortune, has been leſs taken notice of. It is, however, if poſſible, ſtill more univerſal. There is no man living who, when in tolerable health and ſpirits, has not ſome ſhare of it. The chance of gain is by every man more or leſs over-valued, and the chance of loſs is by moſt men under-valued, and by ſcarce any man, who is in tolerable health and ſpirits, valued more than it is worth.

THAT the chance of gain is naturally over-valued, we may learn from the univerſal ſucceſs of lotteries. The world neither ever ſaw, nor ever will ſee, a perfectly fair lottery; or

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one in which the whole gain compenſated the whole loſs; becauſe the undertaker could make nothing by it. In the ſtate lotteries the tickets are really not worth the price which is paid by the original ſubſcribers, and yet commonly ſell in the market for twenty, thirty, and ſometimes forty per cent. advance. The vain hope of gaining ſome of the great prizes is the ſole cauſe of this demand. The ſobereſt people ſcarce look upon it as a folly to pay a ſmall ſum for the chance of gaining ten or twenty thouſand pounds; though they know that even that ſmall ſum is perhaps twenty or thirty per cent. more than the chance is worth. In a lottery in which no prize exceeded twenty pounds, though in other reſpects it approached much nearer to a perfectly fair one than the common ſtate lotteries, there would not be the ſame demand for tickets. In order to have a better chance for ſome of the great prizes, ſome people purchaſe ſeveral tickets, and others ſmall ſhares in a ſtill greater number. There is not, however, a more certain propoſition in mathematicks, than that the more tickets you adventure upon, the more likely you are to be a loſer. Adventure upon all the tickets in the lottery, and you loſe for certain; and the greater the number of your tickets, the nearer you approach to this certainty.

THAT the chance of loſs is frequently under-valued, and ſcarce ever valued more than it is worth, we may learn from the very moderate profit of inſurers. In order to make inſurance, either from fire or ſea-riſk, a trade at all, the common premium muſt be ſufficient to compenſate the common loſſes, to pay the expence of management, and to afford ſuch a profit as might have been drawn from an equal capital employed in any common trade. The perſon who pays no more than this, evidently pays no more than the real value of the riſk, or the loweſt price at which he can reaſonably expect to inſure it. But though many people have made a little money by inſurance, very few have made a great fortune; and from this conſideration alone, it ſeems evident enough, that the ordinary balance of profit and loſs is not more advantageous in this, than in other common trades by which ſo many people make fortunes. Moderate, however, as the premium of inſurance commonly is, many people deſpiſe the riſk too much to care to pay it. Taking the whole kingdom at an average, nineteen houſes in twenty, or rather perhaps ninety-nine in a hundred, are not inſured from fire. Sea riſk is more

more alarming to the greater part of people, and the proportion of ſhips inſured to thoſe not inſured is much greater. Many ſail, however, at all ſeaſons, and even in time of war, without any inſurance. This may ſometimes perhaps be done without any imprudence. When a great company, or even a great merchant, has twenty or thirty ſhips at ſea, they may, as it were, inſure one another. The premium ſaved upon them all, may more than compenſate ſuch loſſes as they are likely to meet with in the common courſe of chances. The neglect of inſurance upon ſhipping, however, in the ſame manner as upon houſes, is, in moſt caſes, the effect of no ſuch nice calculation, but of mere thoughtleſs raſhneſs and preſumptuous contempt of the riſk.

THE contempt of riſk and the preſumptuous hope of ſucceſs, are in no period of life more active, than at the age at which young people chuſe their profeſſions. How little the fear of misfortune is then capable of balancing the hope of good luck, appears ſtill more evidently in the readineſs of the common people to enliſt as ſoldiers, or to go to ſea, than in the eagerneſs of thoſe of better faſhion to enter into what are called the liberal profeſſions.

WHAT a common ſoldier may loſe is obvious enough. Without regarding the danger, however, young volunteers never enliſt ſo readily as at the beginning of a new war; and though they have ſcarce any chance of preferment, they figure to themſelves, in their youthful fancies, a thouſand occaſions of acquiring honour and diſtinction which never occur. Theſe romantic hopes make the whole price of their blood. Their pay is leſs than that of common labourers, and in actual ſervice their fatigues are much greater.

THE lottery of the ſea is not altogether ſo diſadvantageous as that of the army. The ſon of a creditable labourer or artificer may frequently go to ſea with his father's conſent; but if he enliſts as a ſoldier, it is always without it. Other people ſee ſome chance of his making ſomething by the one trade: nobody but himſelf ſees any of his making any thing by the other. The great admiral is leſs the object of public admiration than the great general, and the higheſt ſucceſs in the ſea ſervice promiſes a leſs brilliant fortune and reputation than equal ſucceſs in the land. The ſame difference runs through all the inferior degrees of preferment in both. By the rules

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of precedency a captain in the navy ranks with a colonel in the army: but he does not rank with him in the common eſtimation. As the great prizes in the lottery are leſs, the ſmaller ones muſt be more numerous. Common ſailors, therefore, more frequently get ſome fortune and preferment than common ſoldiers; and the hope of thoſe prizes is what principally recommends the trade. Though their ſkill and dexterity are much ſuperior to that of almoſt any artificers, and though their whole life is one continual ſcene of hardſhip and danger, yet for all this dexterity and ſkill, for all thoſe hardſhips and dangers, while they remain in the condition of common ſailors, they receive ſcarce any other recompence but the pleaſure of exerciſing the one and of ſurmounting the other. Their wages are not greater than thoſe of common labourers at the port which regulates the rate of ſeamens wages. As they are continually going from port to port, the monthly pay of thoſe who ſail from all the different ports of Great Britain, is more nearly upon a level than that of any other workmen in thoſe different places; and the rate of the port to and from which the greateſt number ſail, that is the port of London, regulates that of all the reſt. At London the wages of the greater part of the different claſſes of workmen are about double thoſe of the ſame claſſes at Edinburgh. But the ſailors who ſail from the port of London ſeldom earn above three or four ſhillings a month more than thoſe who ſail from the port of Leith, and the difference is frequently not ſo great. In time of peace, and in the merchant ſervice, the London price is from a guinea to about ſeven-and-twenty ſhillings the calendar month. A common labourer in London, at the rate of nine or ten ſhillings a week, may earn in the calendar month from forty to five-and-forty ſhillings. The ſailor, indeed, over and above his pay, is ſupplied with proviſions. The value, however, may not perhaps always exceed the difference between his pay and that of the common labourer; and though it ſometimes ſhould, the exceſs will not be clear gain to the ſailor, becauſe he cannot ſhare it with his wife and family, whom he muſt maintain out of his wages at home.

THE dangers and hair-breadth eſcapes of a life of adventures, inſtead of diſheartening young people, ſeem frequently to recommend a trade to them. A tender mother, among the inferior ranks of people, is often afraid to ſend her ſon to ſchool at a ſea-port town, leſt the ſight of the ſhips, and the converſation

converſation and adventures of the ſailors ſhould entice him to go to ſea. The diſtant proſpect of hazards, from which we can hope to extricate ourſelves by courage and addreſs, is not diſagreeable to us, and does not raiſe the wages of labour in any employment. It is otherwiſe with thoſe in which courage and addreſs can be of no avail. In trades which are known to be very unwholeſome, the wages of labour are always remarkably high. Unwholeſomeneſs is a ſpecies of diſagreeableneſs, and its effects upon the wages of labour are to be ranked under that general head.

In all the different employments of ſtock, the ordinary rate of profit varies more or leſs with the certainty or uncertainty of the returns. Theſe are in general leſs uncertain in the inland than in the foreign trade, and in ſome branches of foreign trade than in others; in the trade to North America, for example, than in that to Jamaica. The ordinary rate of profit always riſes more or leſs with the riſk. It does not, however, ſeem to riſe in proportion to it, or ſo as to compenſate it compleatly. Bankruptcies are moſt frequent in the moſt hazardous trades. The moſt hazardous of all trades, that of a ſmuggler, though when the adventure ſucceeds it is likewiſe the moſt profitable, is the infallible road to bankruptcy. The preſumptuous hope of ſucceſs ſeems to act here as upon all other occaſions, and to entice ſo many adventurers into thoſe hazardous trades, that their competition reduces the profit below what is ſufficient to compenſate the riſk. To compenſate it compleatly, the common returns ought, over and above the ordinary profits of ſtock, not only to make up for all occaſional loſſes, but to afford a ſurplus profit to the adventurers of the ſame nature with the profit of inſurers. But if the common returns were ſufficient for all this, bankruptcies would not be more frequent in theſe than in other trades.

Of the five circumſtances, therefore, which vary the wages of labour, two only affect the profits of ſtock; the agreeableneſs or diſagreeableneſs of the buſineſs, and the riſk or ſecurity with which it is attended. In point of agreeableneſs or diſagreeableneſs, there is little or no difference in the far greater part of the different employments of ſtock; but a great deal in thoſe of labour; and the ordinary profit of ſtock, though it riſes with the riſk, does not always ſeem to riſe in proportion to it. It ſhould follow from all this, that, in the ſame ſociety or neighbourhood, the average and ordinary rates

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of profit in the different employments of ſtock ſhould be more nearly upon a level than the pecuniary wages of the different ſorts of labour. They are ſo accordingly. The difference between the earnings of a common labourer and thoſe of a well employed lawyer or phyſician, is evidently much greater, than that, between the ordinary profits in any two different branches of trade. The apparent difference, beſides, in the profits of different trades, is generally a deception ariſing from our not always diſtinguiſhing what ought to be conſidered as wages, from what ought to be conſidered as profit.

APOTHECARIES profit is become a bye-word, denoting ſomething uncommonly extravagant. This great apparent profit, however, is frequently no more than the reaſonable wages of labour. The ſkill of an apothecary is a much nicer and more delicate matter than that of any artificer whatever; and the truſt which is repoſed in him is of much greater importance. He is the phyſician of the poor in all caſes, and of the rich when the diſtreſs or danger is not very great. His reward, therefore, ought to be ſuitable to his ſkill and his truſt, and it ariſes generally from the price at which he ſells his drugs. But the whole drugs which the beſt employed apothecary, in a large market town, will ſell in a year, may not perhaps coſt him above thirty or forty pounds. Though he ſhould ſell them, therefore, for three or four hundred, or at a thouſand per cent. profit, this may frequently be no more than the reaſonable wages of his labour charged, in the only way in which he can charge them, upon the price of his drugs. The greater part of the apparent profit is real wages diſguiſed in the garb of profit.

IN a ſmall ſea-port town, a little grocer will make forty or fifty per cent. upon a ſtock of a ſingle hundred pounds, while a conſiderable wholeſale merchant in the ſame place will ſcarce make eight or ten per cent. upon a ſtock of ten thouſand. The trade of the grocer may be neceſſary for the conveniency of the inhabitants, and the narrowneſs of the market may not admit the employment of a larger capital in the buſineſs. The man, however, muſt not only live by his trade, but live by it ſuitably to the qualifications which it requires. Beſides poſſeſſing a fine capital, he muſt be able to read, write, and account, and muſt be a tolerable judge too of, perhaps, fifty or ſixty different ſorts of goods, their prices, qualities, and the markets where they are to be had cheapeſt.

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He muſt have all the knowledge, in ſhort, that is neceſſary for a great merchant, which nothing hinders him from becoming but the want of a ſufficient capital. Thirty or forty pounds a year cannot be conſidered as too great a recompence for the labour of a perſon ſo accompliſhed. Deduct this from the ſeemingly great profits of his capital, and little more will remain, perhaps, than the ordinary profits of ſtock. The greater part of the apparent profit is, in this caſe too, real wages.

THE difference between the apparent profit of the retail and that of the wholeſale trade, is much leſs in the capital than in ſmall towns and country villages. Where ten thouſand pounds can be employed in the grocery trade, the wages of the grocer's labour make but a very trifling addition to the real profits of ſo great a ſtock. The apparent profits of the wealthy retailer, therefore, are there more nearly upon a level with thoſe of the wholeſale merchant. It is upon this account that goods ſold by retail are generally as cheap and frequently much cheaper in the capital, than in ſmall towns and country villages. Grocery goods, for example, are generally much cheaper; bread and butcher's meat frequently as cheap. It coſts no more to bring grocery goods to the great town, than to the country village; but it coſts a great deal more to bring corn and cattle, as the greater part of them muſt be brought from a much greater diſtance. The prime coſt of grocery goods, therefore, being the ſame in both places, they are cheapeſt where the leaſt profit is charged upon them. The prime coſt of bread and butcher's meat is greater in the great town than in the country village; and though the profit is leſs, therefore, they are not always cheaper there, but often equally cheap. In ſuch articles as bread and butcher's meat, the ſame cauſe, which diminiſhes apparent profit, increaſes prime coſt. The extent of the market, by giving employment to greater ſtocks, diminiſhes apparent profit; but by requiring ſupplies from a greater diſtance, it increaſes prime coſt. This diminution of the one and increaſe of the other ſeem, in moſt caſes, nearly to counter-balance one another; which is probably the reaſon that, though the prices of corn and cattle are commonly very different in different parts of the kingdom, thoſe of bread and butcher's meat are generally very nearly the ſame through the greater part of it.

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THOUGH the profits of ſtock both in the wholeſale and retail trade, are generally leſs in the capital than in ſmall towns and country villages, yet great fortunes are frequently acquired from ſmall beginnings in the former, and ſcarce ever in the latter. In ſmall towns and country villages, on account of the narrowneſs of the market, trade cannot always be extended as ſtock extends. In ſuch places, therefore, though the rate of a particular perſon's profits may be very high, the ſum or amount of them can never be very great, nor conſequently that of his annual accumulation. In great towns, on the contrary, trade can be extended as ſtock increaſes, and the credit of a frugal and thriving man increaſes much faſter than his ſtock. His trade is extended in proportion to the amount of both, and the ſum or amount of his profits is in proportion to the extent of his trade, and his annual accumulation in proportion to the amount of his profits. It ſeldom happens, however, that great fortunes are made even in great towns by any one regular, eſtabliſhed, and well-known branch of buſineſs, but in conſequence of a long life of induſtry, frugality, and attention. Sudden fortunes, indeed, are ſometimes made in ſuch places by what is called the trade of ſpeculation. The ſpeculative merchant exerciſes no one regular, eſtabliſhed, or well-known branch of buſineſs. He is a corn merchant this year, and a wine merchant the next, and a ſugar, tobacco, or tea merchant the year after. He enters into every trade when he foreſees that it is likely to be more than commonly profitable, and he quits it when he foreſees that its profits are likely to return to the level of other trades. His profits and loſſes, therefore, can bear no regular proportion to thoſe of any one eſtabliſhed and well-known branch of buſineſs. A bold adventurer may ſometimes acquire a conſiderable fortune by two or three ſucceſsful ſpeculations; but is juſt as likely to loſe one by two or three unſucceſsful ones. This trade can be carried on no where but in great towns. It is only in places of the moſt extenſive commerce and correſpondence that the intelligence requiſite for it can be had.

THE five circumſtances above mentioned, though they occaſion conſiderable inequalities in the wages of labour and profits of ſtock, occaſion none in the whole of the advantages and diſadvantages, real or imaginary, of the different employments of either. The nature of thoſe circumſtances is

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ſuch, that they make up for a ſmall pecuniary gain in ſome, and counter-balance a great one in others.

In order, however, that this equality may take place in the whole of their advantages or diſadvantages, three things are requiſite even where there is the moſt perfect freedom. Firſt, the employments muſt be well known and long eſtabliſhed in the neighbourhood; ſecondly, they muſt be in their ordinary, or what may be called their natural ſtate; and, thirdly, they muſt be the ſole or principal employments of thoſe who occupy them.

First, this equality can take place only in thoſe employments which are well known, and have been long eſtabliſhed in the neighbourhood.

Where all other circumſtances are equal, wages are generally higher in new than in old trades. When a projector attempts to eſtabliſh a new manufacture, he muſt at firſt entice his workmen from other employments by higher wages than they can either earn in their own trades, or than the nature of his work would otherwiſe require, and a conſiderable time muſt paſs away before he can venture to reduce them to the common level. Manufactures for which the demand ariſes altogether from faſhion and fancy, are continually changing, and ſeldom laſt long enough to be conſidered as old eſtabliſhed manufactures. Thoſe, on the contrary, for which the demand ariſes chiefly from uſe or neceſſity, are leſs liable to change, and the ſame form or fabric may continue in demand for whole centuries together. The wages of labour, therefore, are likely to be higher in manufactures of the former, than in thoſe of the latter kind. Birmingham deals chiefly in manufactures of the former kind; Sheffield in thoſe of the latter; and the wages of labour in thoſe two different places, are ſaid to be ſuitable to this difference in the nature of their manufactures.

The eſtabliſhment of any new manufacture, of any new branch of commerce, or of any new practice in agriculture, is always a ſpeculation, from which the projector promiſes himſelf extraordinary profits. Theſe profits ſometimes are very great, and ſometimes, more frequently, perhaps, they are quite otherwiſe; but in general they bear no regular proportion to thoſe of other old trades in the neighbourhood.

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If the project ſucceeds, they are commonly at firſt very high. When the trade or practice becomes thoroughly eſtabliſhed and well known, the competition reduces them to the level of other trades.

SECONDLY, this equality in the whole of the advantages and diſadvantages of the different employments of labour and ſtock, can take place only in the ordinary, or what may be called the natural ſtate of thoſe employments.

THE demand for almoſt every different ſpecies of labour, is ſometimes greater and ſometimes leſs than uſual. In the one caſe the advantages of the employment riſe above, in the other they fall below the common level. The demand for country labour is greater at hay-time and harveſt, than during the greater part of the year; and wages riſe with the demand. In time of war, when forty or fifty thouſand ſailors are forced from the merchant ſervice into that of the king, the demand for ſailors to merchant ſhips neceſſarily riſes with their ſcarcity, and their wages upon ſuch occaſions commonly riſe from a guinea and ſeven-and-twenty ſhillings, to forty ſhillings and three pounds a month. In a decaying manufacture, on the contrary, many workmen, rather than quit their old trade, are contented with ſmaller wages than would otherwiſe be ſuitable to the nature of their employment.

THE profits of ſtock vary with the price of the commodities in which it is employed. As the price of any commodity riſes above the ordinary or average rate, the profits of at leaſt ſome part of the ſtock that is employed in bringing it to market, riſe above their proper level, and as it falls they ſink below it. All commodities are more or leſs liable to variations of price, but ſome are much more ſo than others. In all commodities which are produced by human induſtry, the quantity of induſtry annually employed is neceſſarily regulated by the annual demand, in ſuch a manner that the average annual produce may, as nearly as poſſible, be equal to the average annual conſumption. In ſome employments, it has already been obſerved, the ſame quantity of induſtry will always produce the ſame, or very nearly the ſame quantity of commodities. In the linen or woollen manufactures, for example, the ſame number of hands will annually work up very nearly the ſame quantity of linen and woollen cloth. The variations in the market price of ſuch commodities, therefore,

therefore, can ariſe only from ſome accidental variation in the demand. A public mourning raiſes the price of black cloth. But as the demand for moſt ſorts of plain linen and woollen cloth is pretty uniform, ſo is likewiſe the price. But there are other employments in which the ſame quantity of induſtry will not always produce the ſame quantity of commodities. The ſame quantity of induſtry, for example, will, in different years, produce very different quantities of corn, wine, hops, ſugar, tobacco, &c. The price of ſuch commodities, therefore, varies not only with the variations of demand, but with the much greater and more frequent variations of quantity, and is conſequently extremely fluctuating. But the profit of ſome of the dealers muſt neceſſarily fluctuate with the price of the commodities. The operations of the ſpeculative merchant are principally employed about ſuch commodities. He endeavours to buy them up when he foreſees that their price is likely to riſe, and to ſell them when it is likely to fall.

THIRDLY, This equality in the whole of the advantages and diſadvantages of the different employments of labour and ſtock, can take place only in ſuch as are the ſole or principal employments of thoſe who occupy them.

WHEN a perſon derives his ſubſiſtence from one employment, which does not occupy the greater part of his time; in the intervals of his leiſure he is often willing to work at another for leſs wages than would otherwiſe ſuit the nature of the employment.

THERE ſtill ſubſiſts in many parts of Scotland a ſet of people called Cotters or Cottagers, though they were more frequent ſome years ago than they are now. They are a ſort of out-ſervants of the landlords and farmers. The uſual reward which they receive from their maſters is a houſe, a ſmall garden for pot-herbs, as much graſs as will feed a cow, and, perhaps, an acre or two of bad arable land. When their maſter has occaſion for their labour, he gives them, beſides, two pecks of oatmeal a week, worth about ſixteenpence ſterling. During a great part of the year he has little or no occaſion for their labour, and the cultivation of their own little poſſeſſion is not ſufficient to occupy the time which is left at their own diſpoſal. When ſuch occupiers were more numerous than they are at preſent, they are ſaid to have

have been willing to give their ſpare time for a very ſmall recompence to any body, and to have wrought for leſs wages than other labourers. In antient times they ſeem to have been common all over Europe. In countries ill cultivated and worſe inhabited, the greater part of landlords and farmers could not otherwiſe provide themſelves with the extraordinary number of hands, which country labour requires at certain ſeaſons. The daily or weekly recompence which ſuch labourers occaſionally received from their maſters, was evidently not the whole price of their labour. Their ſmall tenement made a conſiderable part of it. This daily or weekly recompence, however, ſeems to have been conſidered as the whole of it, by many writers who have collected the prices of labour and proviſions in antient times, and who have taken pleaſure in repreſenting both as wonderfully low.

THE produce of ſuch labour comes frequently cheaper to market than would otherwiſe be ſuitable to its nature. Stockings in many parts of Scotland are knit much cheaper than they can any-where be wrought upon the loom. They are the work of ſervants and labourers, who derive the principal part of their ſubſiſtence from ſome other employment. More than a thouſand pair of Shetland ſtockings are annually imported into Leith, of which the price is from five-pence to ſeven-pence a pair. At Learwick, the ſmall capital of the Shetland iſlands, ten-pence a day, I have been aſſured, is a common price of common labour. In the ſame iſlands they knit worſted ſtockings to the value of a guinea a pair and upwards.

THE ſpinning of linen yarn is carried on in Scotland nearly in the ſame way as the knitting of ſtockings, by ſervants who are chiefly hired for other purpoſes. They earn but a very ſcanty ſubſiſtence, who endeavour to get their whole livelihood by either of thoſe trades. In moſt parts of Scotland ſhe is a good ſpinner who can earn twenty-pence a week.

IN opulent countries the market is generally ſo extenſive, that any one trade is ſufficient to employ the whole labour and ſtock of thoſe who occupy it. Inſtances of people's living by one employment, and at the ſame time deriving ſome little advantage from another, occur chiefly in poor countries.

countries. The following inſtance, however, of ſomething of the ſame kind is to be found in the capital of a very rich one. There is no city in Europe, I believe, in which houſe-rent is dearer than in London, and yet I know no capital in which a furniſhed apartment can be hired ſo cheap. Lodging is not only much cheaper in London than in Paris; it is much cheaper than in Edinburgh of the ſame degree of goodneſs; and what may ſeem extraordinary, the dearneſs of houſe-rent is the cauſe of the cheapneſs of lodging. The dearneſs of houſe-rent in London ariſes, not only from thoſe cauſes which render it dear in all great capitals, the dearneſs of labour, the dearneſs of all the materials of building, which muſt generally be brought from a great diſtance, and above all the dearneſs of ground-rent, every landlord acting the part of a monopoliſt, and frequently exacting a higher rent for a ſingle acre of bad land in a town, than can be had for a hundred of the beſt in the country; but it ariſes in part from the peculiar manners and cuſtoms of the people, which oblige every maſter of a family to hire a whole houſe from top to bottom. A dwelling-houſe in England means every thing that is contained under the ſame roof. In France, Scotland, and many other parts of Europe, it frequently means no more than a ſingle ſtory. A tradeſman in London is obliged to hire a whole houſe in that part of the town where his cuſtomers live. His ſhop is upon the ground-floor, and he and his family ſleep in the garret; and he endeavours to pay a part of his houſe-rent by letting the two middle ſtories to lodgers. He expects to maintain his family by his trade, and not by his lodgers. Whereas, at Paris and Edinburgh, the people who let lodgings, have commonly no other means of ſubſiſtence; and the price of the lodging muſt pay, not only the rent of the houſe, but the whole expence of the family.

PART

PART II.

Inequalities occaſioned by the Policy of Europe.

SUCH are the inequalities in the whole of the advantages and diſadvantages of the different employments of labour and ſtock, which the defect of any of the three requiſites above-mentioned muſt occaſion, even where there is the moſt perfect liberty. But the policy of Europe, by not leaving things at perfect liberty, occaſions other inequalities of much greater importance.

IT does this chiefly in the three following ways. Firſt, by reſtraining the competition in ſome employments to a ſmaller number than would otherwiſe be diſpoſed to enter into them; ſecondly, by increaſing it in others beyond what it naturally would be; and, thirdly, by obſtructing the free circulation of labour and ſtock, both from employment to employment and from place to place.

FIRST, The policy of Europe occaſions a very important inequality in the whole of the advantages and diſadvantages of the different employments of labour and ſtock, by reſtraining the competition in ſome employments to a ſmaller number than might otherwiſe be diſpoſed to enter into them.

THE excluſive privileges of corporations are the principal means it makes uſe of for this purpoſe.

THE excluſive privilege of an incorporated trade neceſſarily reſtrains the competition, in the town where it is eſtabliſhed, to thoſe who are free of the trade. To have ſerved an apprenticeſhip in the town, under a maſter properly qualified, is commonly the neceſſary requiſite for obtaining this freedom. The bye-laws of the corporation regulate ſometimes the number of apprentices which any maſter is allowed to have, and almoſt always the number of years which each apprentice

apprentice is obliged to ſerve. The intention of both regulations is to reſtrain the competition to a much ſmaller number than might otherwiſe be diſpoſed to enter into the trade. The limitation of the number of apprentices reſtrains it directly. A long term of apprenticeſhip reſtrains it more indirectly, but as effectually, by increaſing the expence of education.

In Sheffield no maſter cutler can have more than one apprentice at a time, by a bye-law of the corporation. In Norfolk and Norwich no maſter weaver can have more than two apprentices, under pain of forfeiting five pounds a month to the king. No maſter hatter can have more than two apprentices any-where in England, or in the Engliſh plantations, under pain of forfeiting five pounds a month, half to the king, and half to him who ſhall ſue in any court of record. Both theſe regulations, though they have been confirmed by a public law of the kingdom, are evidently dictated by the ſame corporation ſpirit which enacted the bye-law of Sheffield. The ſilk weavers in London had ſcarce been incorporated a year when they enacted a bye-law, reſtraining any maſter from having more than two apprentices at a time. It required a particular act of parliament to reſcind this bye-law.

Seven years ſeem antiently to have been, all over Europe, the uſual term eſtabliſhed for the duration of apprenticeſhips in the greater part of incorporated trades. All ſuch incorporations were antiently called univerſities; which indeed is the proper Latin name for any incorporation whatever. The univerſity of ſmiths, the univerſity of taylors, &c. are expreſſions which we commonly meet with in the old charters of antient towns. When thoſe particular incorporations which are now peculiarly called univerſities were firſt eſtabliſhed, the term of years which it was neceſſary to ſtudy, in order to obtain the degree of maſter of arts, appears evidently to have been copied from the term of apprenticeſhip in common trades, of which the incorporations were much more antient. As to have wrought ſeven years under a maſter properly qualified, was neceſſary, in order to intitle any perſon to become a maſter, and to have himſelf apprentices in a common trade; ſo to have ſtudied ſeven years under a maſter properly qualified, was neceſſary to entitle him to become a maſter, teacher, or doctor (words antiently ſynonimous)

nimous) in the liberal arts, and to have ſcholars or apprentices (words likewiſe originally ſynonimous) to ſtudy under him.

By the 5th of Elizabeth, commonly called the Statute of Apprenticeſhip, it was enacted, that no perſon ſhould for the future exerciſe any trade, craft, or myſtery at that time exerciſed in England, unleſs he had previouſly ſerved to it an apprenticeſhip of ſeven years at leaſt; and what before had been the bye-law of many particular corporations, became in England the general and public law of all trades carried on in market towns. For though the words of the ſtatute are very general, and ſeem plainly to include the whole kingdom, by interpretation its operation has been limited to market towns, it having been held that in country villages a perſon may exerciſe ſeveral different trades, though he has not ſerved a ſeven years apprenticeſhip to each, they being neceſſary for the conveniency of the inhabitants, and the number of people frequently not being ſufficient to ſupply each with a particular ſett of hands.

By a ſtrict interpretation of the words too the operation of this ſtatute has been limited to thoſe trades which were eſtabliſhed in England before the 5th of Elizabeth, and has never been extended to ſuch as have been introduced ſince that time. This limitation has given occaſion to ſeveral diſtinctions which, conſidered as rules of police, appear as fooliſh as can well be imagined. It has been adjudged, for example, that a coach-maker can neither himſelf make nor employ journeymen to make his coach-wheels, but muſt buy them of a maſter wheel-wright; this latter trade having been exerciſed in England before the 5th of Elizabeth. But a wheel-wright, though he has never ſerved an apprenticeſhip to a coach-maker, may either himſelf make or employ journeymen to make coaches; the trade of a coach-maker not being within the ſtatute, becauſe not exerciſed in England at the time when it was made. The manufactures of Mancheſter, Birmingham, and Wolverhampton, are many of them, upon this account, not within the ſtatute; not having been exerciſed in England before the 5th of Elizabeth.

In France, the duration of apprenticeſhips is different in different towns and in different trades. In Paris, five years is

is the term required in a great number; but before any perſon can be qualified to exerciſe the trade as a maſter, he muſt, in many of them, ſerve five years more as a journeyman. During this latter term he is called the companion of his maſter, and the term itſelf is called his companionſhip.

In Scotland there is no general law which regulates univerſally the duration of apprenticeſhips. The term is different in different corporations. Where it is long, a part of it may generally be redeemed by paying a ſmall fine. In moſt towns too a very ſmall fine is ſufficient to purchaſe the freedom of any corporation. The weavers of linen and hempen cloth, the principal manufactures of the country, as well as all other artificers ſubſervient to them, wheel-makers, reel-makers, &c. may exerciſe their trades in any town corporate without paying any fine. In all towns corporate all perſons are free to ſell butcher's-meat upon any lawful day of the week. Three years is in Scotland a common term of apprenticeſhip, even in ſome very nice trades; and in general I know of no country in Europe in which corporation laws are ſo little oppreſſive.

The property which every man has in his own labour, as it is the original foundation of all other property, ſo it is the moſt ſacred and inviolable. The patrimony of a poor man lies in the ſtrength and dexterity of his hands; and to hinder him from employing this ſtrength and dexterity in what manner he thinks proper without injury to his neighbour, is a plain violation of this moſt ſacred property. It is a manifeſt encroachment upon the juſt liberty both of the workman, and of thoſe who might be diſpoſed to employ him. As it hinders the one from working at what he thinks proper, ſo it hinders the others from employing whom they think proper. To judge whether he is fit to be employed, may ſurely be truſted to the diſcretion of the employers whoſe intereſt it ſo much concerns. The affected anxiety of the law-giver leſt they ſhould employ an improper perſon, is evidently as impertinent as it is oppreſſive.

The inſtitution of long apprenticeſhips can give no ſecurity that inſufficient workmanſhip ſhall not frequently be expoſed to public ſale. When this is done it is generally the effect of fraud, and not of inability; and the longeſt apprenticeſhip can give no ſecurity againſt fraud. Quite different

regulations

regulations are neceſſary to prevent this abuſe. The ſterling mark upon plate, and the ſtamps upon linen and woollen cloth, give the purchaſer much greater ſecurity than any ſtatute of apprenticeſhip. He generally looks at theſe, but never thinks it worth while to enquire whether the workman had ſerved a ſeven years apprenticeſhip.

THE inſtitution of long apprenticeſhips has no tendency to form young people to induſtry. A journeyman who works by the piece is likely to be induſtrious, becauſe he derives a benefit from every exertion of his induſtry. An apprentice is likely to be idle, and almoſt always is ſo, becauſe he has no immediate intereſt to be otherwiſe. In the inferior employments, the ſweets of labour conſiſt altogether in the recompence of labour. They who are ſooneſt in a condition to enjoy the ſweets of it, are likely ſooneſt to conceive a reliſh for it, and to acquire the early habit of induſtry. A young man naturally conceives an averſion to labour, when for a long time he receives no benefit from it. The boys who are put out apprentices from public charities are generally bound for more than the uſual number of years, and they generally turn out very idle and worthleſs.

APPRENTICESHIPS were altogether unknown to the antients. The reciprocal duties of maſter and apprentice make a conſiderable article in every modern code. The Roman law is perfectly ſilent with regard to them. I know no Greek or Latin word (I might venture, I believe, to aſſert that there is none) which expreſſes the idea we now annex to the word Apprentice, a ſervant bound to work at a particular trade for the benefit of a maſter, during a term of years, upon condition that the maſter ſhall teach him that trade.

LONG apprenticeſhips are altogether unneceſſary. The arts, which are much ſuperior to common trades, ſuch as thoſe of making clocks and watches, contain no ſuch myſtery as to require a long courſe of inſtruction. The firſt invention of ſuch beautiful machines, indeed, and even that of ſome of the inſtruments employed in making them, muſt, no doubt, have been the work of deep thought and long time, and may juſtly be conſidered as among the happieſt efforts of human ingenuity. But when both have been fairly invented and are well underſtood, to explain to any young man, in the compleateſt manner, how to apply the inſtruments and how to counſtruct

construct the machines, cannot well require more than the leſſons of a few weeks: perhaps thoſe of a few days might be ſufficient. In the common mechanick trades, thoſe of a few days might certainly be ſufficient. The dexterity of hand, indeed, even in common trades, cannot be acquired without much practice and experience. But a young man would practiſe with much more diligence and attention, if from the beginning he wrought as a journeyman, being paid in proportion to the little work which he could execute, and paying in his turn for the materials which he might ſometimes ſpoil through awkwardneſs and inexperience. His education would generally in this way be more effectual, and always leſs tedious and expenſive. The maſter, indeed, would be a loſer. He would loſe all the wages of the apprentice, which he now ſaves, for ſeven years together. In the end, perhaps, the apprentice himſelf would be a loſer. In a trade ſo eaſily learnt he would have more competitors, and his wages, when he came to be a compleat workman, would be much leſs than at preſent. The ſame increaſe of competition would reduce the profits of the maſters as well as the wages of the workmen. The trades, the crafts, the myſteries, would all be loſers. But the public would be a gainer, the work of all artificers coming in this way much cheaper to market.

It is to prevent this reduction of price, and conſequently of wages and profit, by reſtraining that free competition which would moſt certainly occaſion it, that all corporations, and the greater part of corporation laws, have been eſtabliſhed. In order to erect a corporation, no other authority in antient times was requiſite in many parts of Europe, but that of the town corporate in which it was eſtabliſhed. In England, indeed, a charter from the king was likewiſe neceſſary. But this prerogative of the crown ſeems to have been reſerved rather for extorting money from the ſubject, than for the defence of the common liberty againſt ſuch oppreſſive monopolies. Upon paying a fine to the king, the charter ſeems generally to have been readily granted; and when any particular claſs of artificers or traders thought proper to act as a corporation without a charter, ſuch adulterine guilds, as they were called, were not always disfranchiſed upon that account, but obliged to fine annually to the king for permiſſion to exerciſe their uſurped privileges *. The immediate inſpection of all corporations, and of the bye-laws

* See Madox Firma Burgi, p. 26, &c.

laws which they might think proper to enact for their own government, belonged to the town corporate in which they were eſtabliſhed; and whatever diſcipline was exerciſed over them, proceeded commonly, not from the king, but from that greater incorporation of which thoſe ſubordinate ones were only parts or members.

THE government of towns corporate was altogether in the hands of traders and artificers; and it was the manifeſt intereſt of every particular claſs of them, to prevent the market from being over-ſtocked, as they commonly expreſs it, with their own particular ſpecies of induſtry; which is in reality to keep it always under-ſtocked. Each claſs was eager to eſtabliſh regulations proper for this purpoſe, and, provided it was allowed to do ſo, was willing to conſent that every other claſs ſhould do the ſame. In conſequence of ſuch regulations, indeed, each claſs was obliged to buy the goods they had occaſion for from every other within the town, ſomewhat dearer than they otherwiſe might have done. But in recompence, they were enabled to ſell their own juſt as much dearer; ſo that ſo far it was as broad as long, as they ſay; and in the dealings of the different claſſes within the town with one another, none of them were loſers by theſe regulations. But in their dealings with the country they were all great gainers; and in theſe latter dealings conſiſts the whole trade which ſupports and enriches every town.

EVERY town draws its whole ſubſiſtence, and all the materials of its induſtry, from the country. It pays for theſe chiefly in two ways: firſt, by ſending back to the country a part of thoſe materials wrought up and manufactured; in which caſe their price is augmented by the wages of the workmen, and the profits of their maſters or immediate employers: ſecondly, by ſending to it a part both of the rude and manufactured produce, either of other countries, or of diſtant parts of the ſame country, imported into the town; in which caſe too the original price of thoſe goods is augmented by the wages of the carriers or ſailors, and by the profits of the merchants who employ them. In what is gained upon the firſt of thoſe two branches of commerce, conſiſts the advantage which the town makes by its manufactures; in what is gained upon the ſecond, the advantage of its inland and foreign trade. The wages of the workmen, and the profits of their different employers, make up the whole

whole of what is gained upon both. Whatever regulations, therefore, tend to increaſe thoſe wages and profits beyond what they otherwiſe would be, tend to enable the town to purchaſe, with a ſmaller quantity of its labour, the produce of a greater quantity of the labour of the country. They give the traders and artificers in the town an advantage over the landlords, farmers, and labourers in the country, and break down that natural equality which would otherwiſe take place in the commerce which is carried on between them. The whole annual produce of the labour of the ſociety is annually divided between thoſe two different ſets of people. By means of thoſe regulations a greater ſhare of it is given to the inhabitants of the town than would otherwiſe fall to them; and a leſs to thoſe of the country.

THE price which the town really pays for the proviſions and materials annually imported into it, is the quantity of manufactures and other goods annually exported from it. The dearer the latter are ſold, the cheaper the former are bought. The induſtry of the town becomes more, and that of the country leſs advantageous.

THAT the induſtry which is carried on in towns is, everywhere in Europe, more advantageous than that which is carried on in the country, without entering into any very nice computations, we may ſatisfy ourſelves by one very ſimple and obvious obſervation. In every country of Europe we find, at leaſt, a hundred people who have acquired great fortunes from ſmall beginnings by trade and manufactures, the induſtry which properly belongs to towns, for one who has done ſo by that which properly belongs to the country, the raiſing of rude produce by the improvement and cultivation of land. Induſtry, therefore, muſt be better rewarded, the wages of labour and the profits of ſtock muſt evidently be greater in the one ſituation than in the other. But ſtock and labour naturally ſeek the moſt advantageous employment. They naturally, therefore, reſort as much as they can to the town, and deſert the country.

THE inhabitants of a town, being collected into one place, can eaſily combine together. The moſt inſignificant trades carried on in towns have accordingly, in ſome place or other, been incorporated; and even where they have never been incorporated, yet the corporation ſpirit, the jealouſy of ſtrangers,

gers, the averſion to take apprentices, or to communicate the ſecret of their trade, generally prevail in them, and often teach them, by voluntary aſſociations and agreements, to prevent that free competition which they cannot prohibit by bye-laws. The trades which employ but a ſmall number of hands, run moſt eaſily into ſuch combinations. Half a dozen wool-combers, perhaps, are neceſſary to keep a thouſand ſpinners and weavers at work. By combining not to take apprentices they can not only engroſs the employment, but reduce the whole manufacture into a ſort of ſlavery to themſelves, and raiſe the price of their labour much above what is due to the nature of their work.

THE inhabitants of the country, diſperſed in diſtant places, cannot eaſily combine together. They have not only never been incorporated, but the corporation ſpirit never has prevailed among them. No apprenticeſhip has ever been thought neceſſary to qualify for huſbandry, the great trade of the country. After what are called the fine arts, and the liberal profeſſions, however, there is perhaps no trade which requires ſo great a variety of knowledge and experience. The innumerable volumes which have been written upon it in all languages, may ſatisfy us, that among the wiſeſt and moſt learned nations, it has never been regarded as a matter very eaſily underſtood. And from all thoſe volumes we ſhall in vain attempt to collect that knowledge of its various and complicated operations, which is commonly poſſeſſed even by the common farmer; how contemptuouſly ſoever the very contemptible authors of ſome of them may ſometimes affect to ſpeak of him. There is ſcarce any common mechanic trade, on the contrary, of which all the operations may not be as compleatly and diſtinctly explained in a pamphlet of a very few pages, as it is poſſible for words illuſtrated by figures to explain them. In the hiſtory of the arts, now publiſhing by the French academy of ſciences, ſeveral of them are actually explained in this manner. The direction of operations, beſides, which muſt be varied with every change of the weather, as well as with many other accidents, requires much more judgment and diſcretion, than that of thoſe which are always the ſame or very nearly the ſame.

NOT only the art of the farmer, the general direction of the operations of huſbandry, but many inferior branches of

country labour require much more ſkill and experience than the greater part of mechanic trades. The man who works upon braſs and iron, works with inſtruments and upon materials of which the temper is always the ſame, or very nearly the ſame. But the man who ploughs the ground with a team of horſes or oxen, works with inſtruments of which the health, ſtrength, and temper are very different upon different occaſions. The condition of the materials which he works upon too is as variable as that of the inſtrument which he works with, and both require to be managed with much judgment and diſcretion. The common ploughman, though generally regarded as the pattern of ſtupidity and ignorance, is ſeldom defective in this judgment and diſcretion. He is leſs accuſtomed, indeed, to ſocial intercourſe than the mechanic who lives in a town. His voice and language are more uncouth and more difficult to be underſtood by thoſe who are not uſed to them. His underſtanding, however, being accuſtomed to conſider a greater variety of objects, is generally much ſuperior to that of the other, whoſe whole attention from morning till night is commonly occupied in performing one or two very ſimple operations. How much the lower ranks of people in the country are really ſuperior to thoſe of the town, is well known to every man whom either buſineſs or curioſity has led to converſe much with both. In China and Indoſtan accordingly both the rank and the wages of country labourers are ſaid to be ſuperior to thoſe of the greater part of artificers and manufacturers. They would probably be ſo every where, if corporation laws and the corporation ſpirit did not prevent it.

THE ſuperiority which the induſtry of the towns has every where in Europe over that of the country, is not altogether owing to corporations and corporation laws. It is ſupported by many other regulations. The high duties upon foreign manufactures and upon all goods imported by alien merchants, all tend to the ſame purpoſe. Corporation laws enable the inhabitants of towns to raiſe their prices, without fearing to be under-ſold by the free competition of their own countrymen. Thoſe other regulations ſecure them equally againſt that of foreigners. The enhancement of price occaſioned by both is every where finally paid by the landlords, farmers, and labourers of the country, who have ſeldom oppoſed the eſtabliſhment of ſuch monopolies. They have commonly neither inclination nor fitneſs to enter into combinations;

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binations; and the clamour and ſophiſtry of merchants and manufacturers eaſily perſuade them that the private intereſt of a part, and of a ſubordinate part of the ſociety, is the general intereſt of the whole.

In Great Britain the ſuperiority of the induſtry of the towns over that of the country, ſeems to have been greater formerly than in the preſent times. The wages of country labour approach nearer to thoſe of manufacturing labour, and the profits of ſtock employed in agriculture to thoſe of trading and manufacturing ſtock, than they are ſaid to have done in the laſt century, or in the beginning of the preſent. This change may be regarded as the neceſſary, though very late conſequence of the extraordinary encouragement given to the induſtry of the towns. The ſtock accumulated in them comes in time to be ſo great, that it can no longer be employed with the antient profit in that ſpecies of induſtry which is peculiar to them. That induſtry has its limits like every other; and the increaſe of ſtock, by increaſing the competition, neceſſarily reduces the profit. The lowering of profit in the town forces out ſtock to the country, where, by creating a new demand for country labour, it neceſſarily raiſes its wages. It then ſpreads itſelf, if I may ſay ſo, over the face of the land, and by being employed in agriculture is in part reſtored to the country, at the expence of which, in a great meaſure, it had originally been accumulated in the town. That every where in Europe the greateſt improvements of the country have been owing to ſuch overflowings of the ſtock originally accumulated in the towns, I ſhall endeavour to ſhow hereafter; and at the ſame time to demonſtrate, that though ſome countries have by this courſe attained to a conſiderable degree of opulence, it is in itſelf neceſſarily ſlow, uncertain, liable to be diſturbed and interrupted by innumerable accidents, and in every reſpect contrary to the order of nature and of reaſon. The intereſts, prejudices, laws and cuſtoms which have given occaſion to it, I ſhall endeavour to explain as fully and diſtinctly as I can in the third and fourth books of this enquiry.

People of the ſame trade ſeldom meet together, even for merriment and diverſion, but the converſation ends in a conſpiracy againſt the public, or in ſome contrivance to raiſe prices. It is impoſſible indeed to prevent ſuch meetings, by any law which either could be executed, or would be con-

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ſiſtent with liberty and juſtice. But though the law cannot hinder people of the ſame trade from ſometimes aſſembling together, it ought to do nothing to facilitate ſuch aſſemblies; much leſs to render them neceſſary.

A REGULATION which obliges all thoſe of the ſame trade in a particular town to enter their names and places of abode in a public regiſter, facilitates ſuch aſſemblies. It connects individuals who might never otherwiſe be known to one another, and gives every man of the trade a direction where to find every other man of it.

A REGULATION which enables thoſe of the ſame trade to tax themſelves in order to provide for their poor, their ſick, their widows and orphans, by giving them a common intereſt to manage, renders ſuch aſſemblies neceſſary.

AN incorporation not only renders them neceſſary, but makes the act of the majority binding upon the whole. In a free trade an effectual combination cannot be eſtabliſhed but by the unanimous conſent of every ſingle trader, and it cannot laſt longer than every ſingle trader continues of the ſame mind. The majority of a corporation can enact a bye-law with proper penalties, which will limit the competition more effectually and more durably than any voluntary combination whatever.

THE pretence that corporations are neceſſary for the better government of the trade, is without any foundation. The real and effectual diſcipline which is exerciſed over a workman, is not that of his corporation, but that of his cuſtomers. It is the fear of loſing their employment which reſtrains his frauds and corrects his negligence. An excluſive corporation neceſſarily weakens the force of this diſcipline. A particular ſet of workmen muſt then be employed, let them behave well or ill. It is upon this account that in many large incorporated towns no tolerable workmen are to be found, even in ſome of the moſt neceſſary trades. If you would have your work tolerably executed, it muſt be done in the ſuburbs, where the workmen having no excluſive privilege, have nothing but their character to depend upon, and you muſt then ſmuggle it into the town as well as you can.

IT

It is in this manner that the policy of Europe, by reſtraining the competition in ſome employments to a ſmaller number than would otherwiſe be diſpoſed to enter into them, occaſions a very important inequality in the whole of the advantages and diſadvantages of the different employments of labour and ſtock.

Secondly, The policy of Europe, by increaſing the competition in ſome employments beyond what it naturally would be, occaſions another inequality of an oppoſite kind in the whole of the advantages and diſadvantages of the different employments of labour and ſtock.

It has been conſidered as of ſo much importance that a proper number of young people ſhould be educated for certain profeſſions, that, ſometimes the public, and ſometimes the piety of private founders have eſtabliſhed many penſions, ſcholarſhips, exhibitions, burſaries, &c. for this purpoſe, which draw many more people into thoſe trades than could otherwiſe pretend to follow them. In all chriſtian countries, I believe, the education of the greater part of churchmen is paid for in this manner. Very few of them are educated altogether at their own expence. The long, tedious and expenſive education, therefore, of thoſe who are, will not always procure them a ſuitable reward, the church being crowded with people who, in order to get employment, are willing to accept of a much ſmaller recompence than what ſuch an education would otherwiſe have entitled them to; and in this manner the competition of the poor takes away the reward of the rich. It would be indecent, no doubt, to compare either a curate or a chaplain with a journeyman in any common trade. The pay of a curate or chaplain, however, may very properly be conſidered as of the ſame nature with the wages of a journeyman. They are, all three, paid for their work according to the contract which they may happen to make with their reſpective ſuperiors. Till after the middle of the fourteenth century, five marks, containing about as much ſilver as ten pounds of our preſent money, was in England the uſual pay of a curate or ſtipendiary pariſh prieſt, as we find it regulated by the decrees of ſeveral different national councils. At the ſame period four-pence a day, containing the ſame quantity of ſilver as a ſhilling of our preſent money, was declared to be the pay of a maſter maſon, and three-pence a day, equal to nine-pence of our preſent money, that of a journeyman

journeyman maſon.* The wages of both theſe labourers, therefore, ſuppoſing them to have been conſtantly employed, were much ſuperior to thoſe of the curate. The wages of the maſter maſon, ſuppoſing him to have been without employment one-third of the year, would have fully equalled them. By the 12th of Queen Anne, c. 12, it is declared, "That whereas for want of ſufficient maintenance and encouragement to curates, the cures have in ſeveral places been meanly ſupplied, the biſhop is, therefore, empowered to appoint by writing under his hand and ſeal, a ſufficient certain ſtipend or allowance, not exceeding fifty and not leſs than twenty pounds a year." Forty pounds a year is reckoned at preſent very good pay for a curate, and notwithſtanding this act of Parliament, there are many curacies under twenty pounds a year. There are journeymen ſhoe-makers in London who earn forty pounds a year, and there is ſcarce an induſtrious workman of any kind in that metropolis who does not earn more than twenty. This laſt ſum indeed does not exceed what is frequently earned by common labourers in many country pariſhes. Whenever the law has attempted to regulate the wages of workmen, it has always been rather to lower them than to raiſe them. But the law has upon many occaſions attempted to raiſe the wages of curates, and for the dignity of the church, to oblige the rectors of pariſhes to give them more than the wretched maintenance which they themſelves might be willing to accept of. And in both caſes the law ſeems to have been equally ineffectual, and has never either been able to raiſe the wages of curates or to ſink thoſe of labourers to the degree that was intended; becauſe it has never been able to hinder either the one from being willing to accept of leſs than the legal allowance, on account of the indigence of their ſituation and the multitude of their competitors; or the other from receiving more, on account of the contrary competition of thoſe who expected to derive either profit or pleaſure from employing them.

THE great benefices and other eccleſiaſtical dignities ſupport the honour of the church, notwithſtanding the mean circumſtances of ſome of its inferior members. The reſpect paid to the profeſſion too makes ſome compenſation even to them for the meanneſs of their pecuniary recompence. In England,

* See the Statute of labourers, 25 Ed. III.

England, and in all Roman Catholic countries, the lottery of the church is in reality much more advantageous than is neceſſary. The example of the churches of Scotland, of Geneva, and of ſeveral other proteſtant churches, may ſatisfy us that in ſo creditable a profeſſion, in which education is ſo eaſily procured, the hopes of much more moderate benefices will draw a ſufficient number of learned, decent, and reſpectable men into holy orders.

In profeſſions in which there are no benefices, ſuch as law and phyſic, if an equal proportion of people were educated at the public expence, the competition would ſoon be ſo great, as to ſink very much their pecuniary reward. It might then not be worth any man's while to educate his ſon to either of thoſe profeſſions at his own expence. They would be entirely abandoned to ſuch as had been educated by thoſe public charities, whoſe numbers and neceſſities would oblige them in general to content themſelves with a very miſerable recompence, to the entire degradation of the now reſpectable profeſſions of law and phyſic.

That unproſperous race of men commonly called men of letters, are pretty much in the ſituation which lawyers and phyſicians probably would be in upon the foregoing ſuppoſition. In every part of Europe the greater part of them have been educated for the church, but have been hindered by different reaſons from entering into holy orders. They have generally, therefore, been educated at the public expence, and their numbers are every where ſo great, as commonly to reduce the price of their labour to a very paultry recompence.

Before the invention of the art of printing, the only employment by which a man of letters could make any thing by his talents, was that of a public or private teacher, or by communicating to other people the curious and uſeful knowledge which he had acquired himſelf: And this is ſtill ſurely a more honourable, a more uſeful, and in general even a more profitable employment than that other of writing for a bookſeller, to which the art of printing has given occaſion. The time and ſtudy, the genius, knowledge, and application requiſite to qualify an eminent teacher of the ſciences, are at leaſt equal to what is neceſſary for the greateſt practitioners in [illegible] phyſic. But the uſual reward of the eminent teacher

teacher bears no proportion to that of the lawyer or phyſician; becauſe the trade of the one is crowded with indigent people who have been brought up to it at the public expence; whereas thoſe of the other two are incumbered with very few who have not been educated at their own. The uſual recompence, however, of public and private teachers, ſmall as it may appear, would undoubtedly be leſs than it is, if the competition of thoſe yet more indigent men of letters who write for bread was not taken out of the market. Before the invention of the art of printing, a ſcholar and a beggar ſeem to have been terms very nearly ſynonimous. The different governors of the univerſities before that time, appear to have often granted licences to their ſcholars to beg.

In antient times, before any charities of this kind had been eſtabliſhed for the education of indigent people to the learned profeſſions, the rewards of eminent teachers appear to have been much more conſiderable. Iſocrates, in what is called his diſcourſe againſt the ſophiſts, reproaches the teachers of his own times with inconſiſtency. "They make the moſt magnificent promiſes to their ſcholars, ſays he, and undertake to teach them to be wiſe, to be happy, and to be juſt, and in return for ſo important a ſervice, they ſtipulate the paultry reward of four or five minæ. They who teach wiſdom, continues he, ought certainly to be wiſe themſelves; but if any man was to ſell ſuch a bargain for ſuch a price, he would be convicted of the moſt evident folly." He certainly does not mean here to exaggerate the reward, and we may be aſſured that it was not leſs than he repreſents it. Four minæ were equal to thirteen pounds ſix ſhillings and eight-pence: five minæ to ſixteen pounds thirteen ſhillings and four-pence. Something not leſs than the largeſt of thoſe two ſums, therefore, muſt at that time have been uſually paid to the moſt eminent teachers at Athens. Iſocrates himſelf demanded ten minæ, or thirty-three pounds ſix ſhillings and eight-pence, from each ſcholar. When he taught at Athens, he is ſaid to have had an hundred ſcholars. I underſtand this to be the number whom he taught at one time, or who attended what we would call one courſe of lectures, a number which will not appear extraordinary from ſo great a city to ſo famous a teacher, who taught too what was at that time the moſt faſhionable of all ſciences, rhetorick. He muſt have made, therefore, by each courſe of lectures, a thouſand minæ,

or

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or 3,333l. 6s. 8d. A thouſand minæ, accordingly, is ſaid by Plutarch in another place, to have been his Didactron, or uſual price of teaching. Many other eminent teachers in thoſe times appear to have acquired great fortunes. Gorgias made a preſent to the temple of Delphi of his own ſtatue in ſolid gold. We muſt not, I preſume, ſuppoſe that it was as large as the life. His way of living, as well as that of Hippias and Protagoras, two other eminent teachers of thoſe times, is repreſented by Plato as ſplendid even to oſtentation. Plato himſelf is ſaid to have lived with a good deal of magnificence. Ariſtotle, after having been tutor to Alexander and moſt munificently rewarded, as it is univerſally agreed, both by him and his father Philip, thought it worth while, notwithſtanding, to return to Athens, in order to reſume the teaching of his ſchool. Teachers of the ſciences were probably in thoſe times leſs common than they came to be in an age or two afterwards, when the competition had probably ſomewhat reduced both the price of their labour and the admiration for their perſons. The moſt eminent of them, however, appear always to have enjoyed a degree of conſideration much ſuperior to any of the like profeſſion in the preſent times. The Athenians ſent Carneades the academic, and Diogenes the ſtoic, upon a ſolemn embaſſy to Rome; and though their city had then declined from its former grandeur, it was ſtill an independent and conſiderable republic. Carneades too was a Babylonian by birth, and as there never was a people more jealous of admitting foreigners to public offices than the Athenians, their conſideration for him muſt have been very great.

THIS inequality is upon the whole, perhaps, rather advantageous than hurtful to the public. It may ſomewhat degrade the profeſſion of a public teacher; but the cheapneſs of literary education is ſurely an advantage which greatly overbalances this trifling inconveniency. The public too might derive ſtill greater benefit from it, if the conſtitution of thoſe ſchools and colleges, in which education is carried on, was more reaſonable than it is at preſent through the greater part of Europe.

THIRDLY, The policy of Europe, by obſtructing the free circulation of labour and ſtock both from employment to employment, and from place to place, occaſions in ſome caſes a very inconvenient inequality in the whole of the advantages

vantages and disadvantages of their different employments.

THE statute of apprenticeship obstructs the free circulation of labour from one employment to another, even in the same place. The exclusive privileges of corporations obstruct it from one place to another, even in the same employment.

IT frequently happens that while high wages are given to the workmen in one manufacture, those in another are obliged to content themselves with bare subsistence. The one is in an advancing state, and has, therefore, a continual demand for new hands: The other is in a declining state, and the super-abundance of hands is continually increasing. Those two manufactures may sometimes be in the same town, and sometimes in the same neighbourhood, without being able to lend the least assistance to one another. The statute of apprenticeship may oppose it in the one case, and both that and an exclusive corporation in the other. In many different manufactures, however, the operations are so much alike, that the workmen could easily change trades with one another, if those absurd laws did not hinder them. The arts of weaving plain linen and plain silk, for example, are almost entirely the same. That of weaving plain woollen is somewhat different; but the difference is so insignificant, that either a linen or a silk weaver might become a tolerable workman in a very few days. If any of those three capital manufactures, therefore, were decaying, the workmen might find a resource in one of the other two which was in a more prosperous condition; and their wages would neither rise too high in the thriving, nor sink too low in the decaying manufacture. The linen manufacture indeed is, in England, by a particular statute, open to every body; but as it is not much cultivated through the greater part of the country, it can afford no general resource to the workmen of other decaying manufactures, who, wherever the statute of apprenticeship takes place, have no other choice but either to come upon the parish, or to work as common labourers, for which, by their habits, they are much worse qualified than for any sort of manufacture that bears any resemblance to their own. They generally, therefore, chuse to come upon the parish.

WHATEVER

WHATEVER obſtructs the free circulation of labour from one employment to another, obſtructs that of ſtock likewiſe; the quantity of ſtock which can be employed in any branch of buſineſs depending very much upon that of the labour which can be employed in it. Corporation laws, however, give leſs obſtruction to the free circulation of ſtock from one place to another than to that of labour. It is every-where much eaſier for a wealthy merchant to obtain the privilege of trading in a town corporate, than for a poor artificer to obtain that of working in it.

THE obſtruction which corporation laws give to the free circulation of labour is common, I believe, to every part of Europe. That which is given to it by the poor laws is, ſo far as I know, peculiar to England. It conſiſts in the difficulty which a poor man finds in obtaining a ſettlement, or even in being allowed to exerciſe his induſtry in any pariſh but that to which he belongs. It is the labour of artificers and manufacturers only of which the free circulation is obſtructed by corporation laws. The difficulty of obtaining ſettlements obſtructs even that of common labour. It may be worth while to give ſome account of the riſe, progreſs, and preſent ſtate of this diſorder, the greateſt perhaps of any in the police of England.

WHEN by the deſtruction of monaſteries the poor had been deprived of the charity of thoſe religious houſes, after ſome other ineffectual attempts for their relief, it was enacted by the 43d of Elizabeth, c. 2. that every pariſh ſhould be bound to provide for its own poor; and that overſeers of the poor ſhould be annually appointed, who, with the churchwardens, ſhould raiſe by a pariſh rate, competent ſums for this purpoſe.

By this ſtatute the neceſſity of providing for their own poor was indiſpenſably impoſed upon every pariſh. Who were to be conſidered as the poor of each pariſh, became, therefore, a queſtion of ſome importance. This queſtion, after ſome variation, was at laſt determined by the 13th and 14th of Charles II. when it was enacted, that forty days undiſturbed reſidence ſhould gain any perſon a ſettlement in any pariſh; but that within that time it ſhould be lawful for two juſtices of the peace, upon complaint made by the churchwardens or overſeers of the poor, to remove any new inhabitant

tant to the parish where he was last legally settled; unless he either rented a tenement of ten pounds a year, or could give such security for the discharge of the parish where he was then living, as those justices should judge sufficient.

Some frauds, it is said, were committed in consequence of this statute; parish officers sometimes bribing their own poor to go clandestinely to another parish, and by keeping themselves concealed for forty days to gain a settlement there, to the discharge of that to which they properly belonged. It was enacted, therefore, by the 1st of James II. that the forty days undisturbed residence of any person necessary to gain a settlement, should be accounted only from the time of his delivering notice in writing, of the place of his abode and the number of his family, to one of the churchwardens or overseers of the parish where he came to dwell.

But parish officers, it seems, were not always more honest with regard to their own, than they had been with regard to other parishes, and sometimes connived at such intrusions, receiving the notice, and taking no proper steps in consequence of it. As every person in a parish, therefore, was supposed to have an interest to prevent as much as possible their being burdened by such intruders, it was further enacted by the 3d of William III. that the forty days residence should be accounted only from the publication of such notice in writing on Sunday in the church, immediately after divine service.

"After all, says Doctor Burn, this kind of settlement, "by continuing forty days after publication of notice in "writing, is very seldom obtained; and the design of the "acts is not so much for gaining of settlements, as for the "avoiding them, by persons coming into a parish clandestine-"ly: for the giving of notice is only putting a force upon the "parish to remove. But if a person's situation is such, that it "is doubtful whether he is actually removeable or not, he "shall by giving of notice compel the parish either to allow "him a settlement uncontested, by suffering him to continue "forty days; or, by removing him, to try the right."

This statute, therefore, rendered it almost impracticable for a poor man to gain a new settlement in the old way, by forty

forty days inhabitancy. But that it might not appear to preclude altogether the common people of one parish from ever establishing themselves with security in another, it appointed four other ways by which a settlement might be gained without any notice delivered or published. The first was, by being taxed to parish rates and paying them; the second, by being elected into an annual parish office and serving in it a year; the third, by serving an apprenticeship in the parish; the fourth, by being hired into service there for a year, and continuing in the same service during the whole of it.

Nobody can gain a settlement by either of the two first ways, but by the public deed of the whole parish, who are too well aware of the consequences to adopt any new-comer who has nothing but his labour to support him, either by taxing him to parish rates, or by electing him into a parish office.

No married man can well gain any settlement in either of the two last ways. An apprentice is scarce ever married; and it is expressly enacted, that no married servant shall gain any settlement by being hired for a year. The principal effect of introducing settlement by service, has been to put out in a great measure the old fashion of hiring for a year, which before had been so customary in England, that even at this day, if no particular term is agreed upon, the law intends that every servant is hired for a year. But masters are not always willing to give their servants a settlement by hiring them in this manner; and servants are not always willing to be so hired, because as every last settlement discharges all the foregoing, they might thereby lose their original settlement in the places of their nativity, the habitation of their parents and relations.

No independent workman, it is evident, whether labourer or artificer, is likely to gain any new settlement either by apprenticeship or by service. When such a person, therefore, carried his industry to a new parish, he was liable to be removed, how healthy and industrious soever, at the caprice of any churchwarden or overseer, unless he either rented a tenement of ten pounds a year, a thing impossible for one who has nothing but his labour to live by; or could give such security for the discharge of the parish as two justices of the peace should judge sufficient. What security they shall require,

quire, indeed, is left altogether to their diſcretion; but they cannot well require leſs than thirty pounds, it having been enacted, that the purchaſe even of a freehold eſtate of leſs than thirty pounds value, ſhall not gain any perſon a ſettlement, as not being ſufficient for the diſcharge of the pariſh. But this is a ſecurity which ſcarce any man who lives by labour can give; and much greater ſecurity is frequently demanded.

In order to reſtore in ſome meaſure that free circulation of labour which thoſe different ſtatutes had almoſt entirely taken away, the invention of certificates was fallen upon. By the 8th and 9th of William III. it was enacted, that if any perſon ſhould bring a certificate from the pariſh where he was laſt legally ſettled, ſubſcribed by the churchwardens and overſeers of the poor, and allowed by two juſtices of the peace, that every other pariſh ſhould be obliged to receive him; that he ſhould not be removeable merely upon account of his being likely to become chargeable, but only upon his becoming actually chargeable, and that then the pariſh which granted the certificate ſhould be obliged to pay the expence both of his maintenance and of his removal. And in order to give the moſt perfect ſecurity to the pariſh where ſuch certificated man ſhould come to reſide, it was further enacted by the ſame ſtatute, that he ſhould gain no ſettlement there by any means whatever, except either, by renting a tenement of ten pounds a year, or by ſerving upon his own account in an annual pariſh office for one whole year; and conſequently neither by notice, nor by ſervice, nor by apprenticeſhip, nor by paying pariſh rates. By the 12th of Queen Anne too, ſtat. 1. c. 18. it was further enacted, that neither the ſervants nor apprentices of ſuch certificated man ſhould gain any ſettlement in the pariſh where he reſided under ſuch certificate.

How far this invention has reſtored that free circulation of labour which the preceding ſtatutes had almoſt entirely taken away, we may learn from the following very judicious obſervation of Doctor Burn. "It is obvious, ſays he, that "there are divers good reaſons for requiring certificates with "perſons coming to ſettle in any place; namely, that perſons "reſiding under them can gain no ſettlement, neither by ap- "prenticeſhip, nor by ſervice, nor by giving notice, nor by "paying pariſh rates; that they can ſettle neither apprentices "nor ſervants; that if they become chargeable, it is certainly

"known

" known whither to remove them, and the parish shall be " paid for the removal, and for their maintenance in the " mean time; and that if they fall sick, and cannot be re- " moved, the parish which gave the certificate must maintain " them: none of all which can be without a certificate. " Which reasons will hold proportionably for parishes not " granting certificates in ordinary cases; for it is far more " than an equal chance, but that they will have the certifi- " cated persons again, and in a worse condition." The moral of this observation seems to be, that certificates ought always to be required by the parish where any poor man comes to reside, and that they ought very seldom to be granted by that which he proposes to leave. " There is somewhat of " hardship in this matter of certificates," says the same very intelligent author in his History of the Poor Laws, " by put- " ting it in the power of a parish officer, to imprison a man " as it were for life; however inconvenient it may be for " him to continue at that place where he has had the misfor- " tune to acquire what is called a settlement, or whatever " advantage he may propose to himself by living else- " where."

THOUGH a certificate carries along with it no testimonial of good behaviour, and certifies nothing but that the person belongs to the parish to which he really does belong, it is altogether discretionary in the parish officers either to grant or to refuse it. A mandamus was once moved for, says Doctor Burn, to compel the churchwardens and overseers to sign a certificate; but the court of King's Bench rejected the motion as a very strange attempt.

THE very unequal price of labour which we frequently find in England in places at no great distance from one another, is probably owing to the obstruction which the law of settlements gives to a poor man who would carry his industry from one parish to another without a certificate. A single man, indeed, who is healthy and industrious, may sometimes reside by sufferance without one; but a man with a wife and family who should attempt to do so, would in most parishes be sure of being removed, and if the single man should afterwards marry, he would generally be removed likewise. The scarcity of hands in one parish, therefore, cannot always be relieved by their super-abundance in another, as it is constantly in Scotland, and, I believe, in all other countries where

where there is no difficulty of ſettlement. In ſuch countries, though wages may ſometimes riſe a little in the neighbourhood of a great town, or wherever elſe there is an extraordinary demand for labour, and ſink gradually as the diſtance from ſuch places increaſes, till they fall back to the common rate of the country; yet we never meet with thoſe ſudden and unaccountable differences in the wages of neighbouring places which we ſometimes find in England, where it is often more difficult for a poor man to paſs the artificial boundary of a pariſh, than an arm of the ſea or a ridge of high mountains, natural boundaries which ſometimes ſeparate very diſtinctly different rates of wages in other countries.

To remove a man who has committed no miſdemeanour from the pariſh where he chuſes to reſide, is an evident violation of natural liberty and juſtice. The common people of England, however, ſo jealous of their liberty, but like the common people of moſt other countries never rightly underſtanding wherein it conſiſts, have now for more than a century together ſuffered themſelves to be expoſed to this oppreſſion without a remedy. Though men of reflection too have ſometimes complained of the law of ſettlements as a public grievance; yet it has never been the object of any general popular clamour, ſuch as that againſt general warrants, an abuſive practice undoubtedly, but ſuch a one as was not likely to occaſion any general oppreſſion. There is ſcarce a poor man in England of forty years of age, I will venture to ſay, who has not in ſome part of his life felt himſelf moſt cruelly oppreſſed by this ill-contrived law of ſettlements.

I SHALL conclude this long chapter with obſerving, that though antiently it was uſual to rate wages, firſt by general laws extending over the whole kingdom, and afterwards by particular orders of the juſtices of peace in every particular county, both theſe practices have now gone entirely into diſuſe. "By the experience of above four hundred years," ſays Doctor Burn, "it ſeems time to lay aſide all endeavours to "bring under ſtrict regulations, what in its own nature "ſeems incapable of minute limitation: for if all perſons in "the ſame kind of work were to receive equal wages, there "would be no emulation, and no room left for induſtry or "ingenuity."

PARTICULAR

PARTICULAR acts of parliament, however, ſtill attempt ſometimes to regulate wages in particular trades and in particular places. Thus the 8th of George III. prohibits under heavy penalties all maſter taylors in London, and five miles round it, from giving, and their workmen from accepting, more than two ſhillings and ſeven-pence halfpenny a day, except in the caſe of a general mourning. Whenever the legiſlature attempts to regulate the differences between maſters and their workmen, its counſellors are always the maſters. When the regulation, therefore, is in favour of the workmen, it is always juſt and equitable; but it is ſometimes otherwiſe when in favour of the maſters. Thus the law which obliges the maſters in ſeveral different trades to pay their workmen in money and not in goods, is quite juſt and equitable. It impoſes no real hardſhip upon the maſters. It only obliges them to pay that value in money, which they pretended to pay, but did not always really pay, in goods. This law is in favour of the workmen; but the 8th of George III. is in favour of the maſters. When maſters combine together in order to reduce the wages of their workmen, they commonly enter into a private bond or agreement, not to give more than a certain wage under a certain penalty. Were the workmen to enter into a contrary combination of the ſame kind, not to accept of a certain wage under a certain penalty, the law would puniſh them very ſeverely; and if it dealt impartially, it would treat the maſters in the ſame manner. But the 8th of George III. enforces by law that very regulation which maſters ſometimes attempt to eſtabliſh by ſuch combinations. The complaint of the workmen, that it puts the ableſt and moſt induſtrious upon the ſame footing with an ordinary workman, ſeems perfectly well founded.

IN antient times too it was uſual to attempt to regulate the profits of merchants and other dealers, by rating the price both of proviſions and other goods. The aſſize of bread is, ſo far as I know, the only remnant of this ancient uſage. Where there is an excluſive corporation, it may perhaps be proper to regulate the price of the firſt neceſſary of life. But where there is none, the competition will regulate it much better than any aſſize. The method of fixing the aſſize of bread eſtabliſhed by the 31ſt of George II. could not be put in practice in Scotland, on account of a defect in the law; its execution depending upon the office of clerk of the market, which does not exiſt there. This defect was not remedied

till the 3d of George III. The want of an aſſize occaſioned no ſenſible inconvenience, and the eſtabliſhment of one, in the few places where it has yet taken place, has produced no ſenſible advantage. In the greater part of the towns of Scotland, however, there is an incorporation of bakers who claim excluſive privileges, though they are not very ſtrictly guarded.

THE proportion between the different rates both of wages and profit in the different employments of labour and ſtock, ſeems not to be much affected, as has already been obſerved, by the riches or poverty, the advancing, ſtationary, or declining ſtate of the ſociety. Such revolutions in the public welfare, though they affect the general rates both of wages and profit, muſt in the end affect them equally in all different employments. The proportion between them, therefore, muſt remain the ſame, and cannot well be altered, at leaſt for any conſiderable time, by any ſuch revolutions.

CHAP.

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CHAP. XI.

Of the Rent of Land.

RENT, considered as the price paid for the use of land, is naturally the highest which the tenant can afford to pay in the actual circumstances of the land. In adjusting the terms of the lease, the landlord endeavours to leave him no greater share of the produce than what is sufficient to keep up the stock from which he furnishes the seed, pays the labour, and purchases and maintains the cattle and other instruments of husbandry, together with the ordinary profits of farming stock in the neighbourhood. This is evidently the smallest share with which the tenant can content himself without being a loser, and the landlord seldom means to leave him any more. Whatever part of the produce, or, what is the same thing, whatever part of its price, is over and above this share, he naturally endeavours to reserve to himself as the rent of his land, which is evidently the highest the tenant can afford to pay in the actual circumstances of the land. Sometimes, indeed, the liberality, more frequently the ignorance, of the landlord, makes him accept of somewhat less than this portion; and sometimes too, though more rarely, the ignorance of the tenant makes him undertake to pay somewhat more, or to content himself with somewhat less than the ordinary profits of farming stock in the neighbourhood. This portion, however, may still be considered as the natural rent of land, or the rent for which it is naturally meant that land should for the most part be let.

THE rent of land, it may be thought, is frequently no more than a reasonable profit or interest for the stock laid out by the landlord upon its improvement. This, no doubt, may be partly the case upon some occasions; for it can scarce ever be more than partly the case. The landlord demands a rent even for unimproved land, and the supposed interest or profit upon the expence of improvement is generally an addition to this original rent. Those improvements, besides, are not

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always made by the ſtock of the landlord, but ſometimes by that of the tenant. When the leaſe comes to be renewed, however, the landlord commonly demands the ſame augmentation of rent, as if they had been all made by his own.

He ſometimes demands rent for what is altogether incapable of human improvement. Kelp is a ſpecies of ſea-weed, which, when burnt, yields an alkaline ſalt, uſeful for making glaſs, ſoap, and for ſeveral other purpoſes. It grows in ſeveral parts of Great Britain, particularly in Scotland, upon ſuch rocks only as lie within the high water mark, which are twice every day covered with the ſea, and of which the produce, therefore, was never augmented by human induſtry. The landlord, however, whoſe eſtate is bounded by a kelp ſhore of this kind, demands a rent for it as much as for his corn-fields.

The ſea in the neighbourhood of the iſlands of Shetland is more than commonly abundant in fiſh, which make a great part of the ſubſiſtence of their inhabitants. But in order to profit by the produce of the water, they muſt have a habitation upon the neighbouring land. The rent of the landlord is in proportion, not to what the farmer can make by the land, but to what he can make both by the land and by the water. It is partly paid in ſea-fiſh; and one of the very few inſtances in which rent makes a part of the price of that commodity, is to be found in that country.

The rent of land, therefore, conſidered as the price paid for the uſe of the land, is naturally a monopoly price. It is not at all proportioned to what the landlord may have laid out upon the improvement of the land, or to what he can afford to take; but to what the farmer can afford to give.

Such parts only of the produce of land can commonly be brought to market of which the ordinary price is ſufficient to replace the ſtock which muſt be employed in bringing them thither, together with its ordinary profits. If the ordinary price is more than this, the ſurplus part of it will naturally go to the rent of the land. If it is not more, though the commodity may be brought to market, it can afford no rent to the landlord. Whether the price is, or is not more, depends upon the demand.

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THERE are ſome parts of the produce of land for which the demand muſt always be ſuch as to afford a greater price than what is ſufficient to bring them to market; and there are others for which it either may or may not be ſuch as to afford this greater price. The former muſt always afford a rent to the landlord. The latter ſometimes may, and ſometimes may not, according to different circumſtances.

RENT, it is to be obſerved, therefore, enters into the compoſition of the price of commodities in a different way from wages and profit. High or low wages and profit, are the cauſes of high or low price; high or low rent is the effect of it. It is becauſe high or low wages and profit muſt be paid, in order to bring a particular commodity to market, that its price is high or low. But it is becauſe its price is high or low; a great deal more, or very little more, or no more, than what is ſufficient to pay thoſe wages and profit, that it affords a high rent, or a low rent, or no rent at all.

THE particular conſideration, firſt, of thoſe parts of the produce of land which always afford ſome rent; ſecondly, of thoſe which ſometimes may and ſometimes may not afford rent; and, thirdly, of the variations which, in the different periods of improvement, naturally take place, in the relative value of thoſe two different ſorts of rude produce, when compared both with one another and with manufactured commodities, will divide this chapter into three parts.

PART

MINISTRY OF CULTURE · GOVERNMENT OF INDIA

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PART I.

Of the Produce of Land which always affords Rent.

AS men, like all other animals, naturally multiply in proportion to the means of their ſubſiſtence, food is always, more or leſs, in demand. It can always purchaſe or command a greater or ſmaller quantity of labour, and ſomebody can always be found who is willing to do ſomething, in order to obtain it. The quantity of labour, indeed, which it can purchaſe, is not always equal to what it could maintain, if managed in the moſt œconomical manner, on account of the high wages which are ſometimes given to labour. But it can always purchaſe ſuch a quantity of labour as it can maintain, according to the rate at which that ſort of labour is commonly maintained in the neighbourhood.

BUT land, in almoſt any ſituation, produces a greater quantity of food than what is ſufficient to maintain all the labour neceſſary for bringing it to market, in the moſt liberal way in which that labour is ever maintained. The ſurplus too is always more than ſufficient to replace the ſtock which employed that labour, together with its profits. Something, therefore, always remains for a rent to the landlord.

THE moſt deſart moors in Norway and Scotland produce ſome ſort of paſture for cattle, of which the milk and the increaſe are always more than ſufficient, not only to maintain all the labour neceſſary for tending them, and to pay the ordinary profit to the farmer or owner of the herd or flock; but to afford ſome ſmall rent to the landlord. The rent increaſes in proportion to the goodneſs of the paſture. The ſame extent of ground not only maintains a greater number of cattle, but as they are brought within a ſmaller compaſs, leſs labour becomes requiſite to tend them, and to collect their produce. The landlord gains both ways; by the increaſe of the produce, and by the diminution of the labour which muſt be maintained out of it.

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THE rent of land not only varies with its fertility, whatever be its produce, but with its ſituation, whatever be its fertility. Land in the neighbourhood of a town, gives a greater rent than land equally fertile in a diſtant part of the country. Though it may coſt no more labour to cultivate the one than the other, it muſt always coſt more to bring the produce of the diſtant land to market. A greater quantity of labour, therefore, muſt be maintained out of it; and the ſurplus, from which are drawn both the profit of the farmer and the rent of the landlord, muſt be diminiſhed. But in remote parts of the country the rate of profit, as has already been ſhown, is generally higher than in the neighbourhood of a large town. A ſmaller proportion of this diminiſhed ſurplus, therefore, muſt belong to the landlord.

GOOD roads, canals, and navigable rivers, by diminiſhing the expence of carriage, put the remote parts of the country more nearly upon a level with thoſe in the neighbourhood of the town. They are upon that account the greateſt of all improvements. They encourage the cultivation of the remote, which muſt always be the moſt extenſive circle of the country. They are advantageous to the town, by breaking down the monopoly of the country in its neighbourhood. They are advantageous even to that part of the country. Though they introduce ſome rival commodities into the old market, they open many new markets to its produce. Monopoly, beſides, is a great enemy to good management, which can never be univerſally eſtabliſhed but in conſequence of that free and univerſal competition which forces every body to have recourſe to it for the ſake of ſelf-defence. It is not more than fifty years ago that ſome of the counties in the neighbourhood of London, petitioned the parliament againſt the extention of the turnpike roads into the remoter counties. Thoſe remoter counties, they pretended, from the cheapneſs of labour, would be able to ſell their graſs and corn cheaper in the London market than themſelves, and would thereby reduce their rents, and ruin their cultivation. Their rents, however, have riſen, and their cultivation has been improved ſince that time.

A CORN field of moderate fertility produces a much greater quantity of food for man, than the beſt paſture of equal extent. Though its cultivation requires much more labour, yet the ſurplus which remains after replacing the ſeed and maintaining all that labour, is likewiſe much greater. If a pound

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of butcher's-meat, therefore, was never ſuppoſed to be worth more than a pound of bread, this greater ſurplus would everywhere be of greater value, and conſtitute a greater fund both for the profit of the farmer and the rent of the landlord. It ſeems to have done ſo univerſally in the rude beginnings of agriculture.

BUT the relative values of thoſe two different ſpecies of food, bread and butcher's-meat, are very different in the different periods of agriculture. In its rude beginnings, the unimproved wilds, which then occupy the far greater part of the country, are all abandoned to cattle. There is more butcher's-meat than bread, and bread, therefore, is the food for which there is the greateſt competition, and which conſequently brings the greateſt price. At Buenos Ayres, we are told by Ulloa, four reals, one-and-twenty pence halfpenny ſterling, was, forty or fifty years ago, the ordinary price of an ox, choſen from a herd of two or three hundred. He ſays nothing of the price of bread, probably becauſe he found nothing remarkable about it. An ox there, he ſays, coſts little more than the labour of catching him. But corn can nowhere be raiſed without a great deal of labour, and in a country which lies upon the river Plate, at that time the direct road from Europe to the ſilver mines of Potoſi, the money price of labour could not be very cheap. It is otherwiſe when cultivation is extended over the greater part of the country. There is then more bread than butcher's-meat. The competition changes its direction, and the price of butcher's-meat becomes greater than the price of bread.

BY the extenſion beſides of cultivation, the unimproved wilds become inſufficient to ſupply the demand for butcher's-meat. A great part of the cultivated lands muſt be employed in rearing and fattening cattle, of which the price, therefore, muſt be ſufficient to pay, not only the labour neceſſary for tending them, but the rent which the landlord and the profit which the farmer could have drawn from ſuch land employed in tillage. The cattle bred upon the moſt uncultivated moors, when brought to the ſame market, are, in proportion to their weight or goodneſs, ſold at the ſame price as thoſe which are reared upon the moſt improved land. The proprietors of thoſe moors profit by it, and raiſe the rent of their land in proportion to the price of their cattle. It is not more than a century ago that in many parts of the highlands of Scotland, butcher's-

butcher's-meat was as cheap or cheaper than even bread made of oatmeal. The union opened the market of England to the highland cattle. Their ordinary price is at preſent about three times greater than at the beginning of the century, and the rents of many highland eſtates have been tripled and quadrupled in the ſame time. In almoſt every part of Great Britain a pound of the beſt butcher's-meat is, in the preſent times, generally worth more than two pounds of the beſt white bread; and in plentiful years it is ſometimes worth three or four pounds.

IT is thus that in the progreſs of improvement the rent and profit of unimproved paſture come to be regulated in ſome meaſure by the rent and profit of what is improved, and theſe again by the rent and profit of corn. Corn is an annual crop. Butcher's-meat, a crop which requires four or five years to grow. As an acre of land, therefore, will produce a much ſmaller quantity of the one ſpecies of food than of the other, the inferiority of the quantity muſt be compenſated by the ſuperiority of the price. If it was more than compenſated, more corn land would be turned into paſture; and if it was not compenſated, part of what was in paſture would be br ught back into corn.

THIS equality, however, between the rent and profit of graſs and thoſe of corn; of the land of which the immediate produce is food for cattle, and of that of which the immediate produce is food for men; muſt be underſtood to take place only through the greater part of the improved lands of a great country. In ſome particular local ſituations it is quite otherwiſe, and the rent and profit of graſs are much ſuperior to what can be made by corn.

THUS in the neighbourhood of a great town, the demand for milk and for forage to horſes, frequently contribute, together with the high price of butcher's-meat, to raiſe the value of graſs above what may be called its natural proportion to that of corn. This local advantage, it is evident, cannot be communicated to the lands at a diſtance.

PARTICULAR circumſtances have ſometimes rendered ſome countries ſo populous, that the whole territory, like the lands in the neighbourhood of a great town, has not been ſufficient to produce both the graſs and the corn neceſſary for the

the ſubſiſtence of their inhabitants. Their lands, therefore, have been principally employed in the production of graſs, the more bulky commodity, and which cannot be ſo eaſily brought from a great diſtance; and corn, the food of the great body of the people, has been chiefly imported from foreign countries. Holland is at preſent in this ſituation, and a conſiderable part of antient Italy, ſeems to have been ſo during the proſperity of the Romans. To feed well, old Cato ſaid, as we are told by Cicero, was the firſt and moſt profitable thing in the management of a private eſtate; to feed tolerably well, the ſecond; and to feed ill, the third. To plough, he ranked only in the fourth place of profit and advantage. Tillage, indeed, in that part of antient Italy which lay in the neighbourhood of Rome, muſt have been very much diſcouraged by the diſtributions of corn which were frequently made to the people, either gratuitouſly, or at a very low price. This corn was brought from the conquered provinces, of which ſeveral, inſtead of taxes, were obliged to furniſh a tenth part of their produce at a ſtated price, about ſix-pence a peck, to the republic. The low price at which this corn was diſtributed to the people, muſt neceſſarily have ſunk the price of what could be brought to the Roman market from Latium, or the antient territory of Rome, and muſt have diſcouraged its cultivation in that country.

In an open country too, of which the principal produce is corn, a well-incloſed piece of graſs will frequently rent higher than any corn field in its neighbourhood. It is convenient for the maintenance of the cattle employed in the cultivation of the corn, and its high rent is, in this caſe, not ſo properly paid from the value of its own produce, as from that of the corn lands which are cultivated by means of it. It is likely to fall, if ever the neighbouring lands are compleatly incloſed. The preſent high rent of incloſed land in Scotland ſeems owing to the ſcarcity of incloſure, and will probably laſt no longer than that ſcarcity. The advantage of incloſure is greater for paſture than for corn. It ſaves the labour of guarding the cattle, which feed better too when they are not liable to be diſturbed by their keeper or his dog.

But where there is no local advantage of this kind, the rent and profit of corn, or whatever elſe is the common vegetable

vegetable food of the people, muſt naturally regulate, upon the land which is fit for producing it, the rent and profit of paſture.

THE uſe of the artificial graſſes, of turnips, carrots, cabbages, and the other expedients which have been fallen upon to make an equal quantity of land feed a greater number of cattle than when in natural graſs, ſhould ſomewhat reduce, it might be expected, the ſuperiority which, in an improved country, the price of butcher's-meat naturally has over that of bread. It ſeems accordingly to have done ſo; and there is ſome reaſon for believing that, at leaſt in the London market, the price of butcher's-meat in proportion to the price of bread is a good deal lower in the preſent times than it was in the beginning of the laſt century.

IN the appendix to the Life of prince Henry, Doctor Birch has given us an account of the prices of butcher's-meat as commonly paid by that prince. It is there ſaid, that the four quarters of an ox weighing ſix hundred pounds uſually coſt him nine pounds ten ſhillings, or thereabouts; that is, thirty-one ſhillings and eight pence per hundred pounds weight. Prince Henry died on the 6th of November, 1612, in the nineteenth year of his age.

IN March, 1764, there was a parliamentary enquiry into the cauſes of the high price of proviſions at that time. It was then, among other proof to the ſame purpoſe, given in evidence by a Virginia merchant, that in March, 1763, he had victualled his ſhips for twenty-four or twenty-five ſhillings the hundred weight of beef, which he conſidered as the ordinary price; whereas, in the dear year, he had paid twenty-ſeven ſhillings for the ſame weight and ſort. This high price in 1764, is, however, four ſhillings and eight pence cheaper than the ordinary price paid by prince Henry; and it is the beſt beef only, it muſt be obſerved, which is fit to be ſalted for thoſe diſtant voyages.

THE price paid by prince Henry amounts to $3\frac{4}{5}d.$ per pound weight of the whole carcaſe, coarſe and choice pieces taken together; and at that rate the choice pieces could not have been ſold by retail for leſs than $4\frac{1}{2}d.$ or $5d.$ the pound.

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In the parliamentary enquiry in 1764, the witneſſes ſtated the price of the choice pieces of the beſt beef to be to the conſumer 4*d.* and 4½*d.* the pound; and the coarſe pieces in general to be from ſeven farthings to 2½*d.* and 2¾*d.*; and this they ſaid was in general one half-penny dearer than the ſame ſort of pieces had uſually been ſold in the month of March. But even this high price is ſtill a good deal cheaper than what we can well ſuppoſe the ordinary retail price to have been in the time of prince Henry.

During the twelve firſt years of the laſt century, the average price of the beſt wheat at the Windſor market was 1*l.* 18*s.* 3½*d.* the quarter of nine Wincheſter buſhels.

But in the twelve years preceding 1764, including that year, the average price of the ſame meaſure of the beſt wheat at the ſame market was 2*l.* 1*s.* 9½*d.*

In the twelve firſt years of the laſt century, therefore, wheat appears to have been a good deal cheaper, and butcher's-meat a good deal dearer than in the twelve years preceding 1764, including that year.

In all great countries the greater part of the cultivated lands are employed in producing either food for men or food for cattle. The rent and profit of theſe regulate the rent and profit of all other cultivated land. If any particular produce afforded leſs, the land would ſoon be turned into corn or paſture; and if any afforded more, ſome part of the lands in corn or paſture would ſoon be turned to that produce.

Thoſe productions, indeed, which require either a greater original expence of improvement, or a greater annual expence of cultivation, in order to fit the land for them, appear commonly to afford, the one a greater rent, the other a greater profit than corn or paſture. This ſuperiority, however, will ſeldom be found to amount to more than a reaſonable intereſt or compenſation for this ſuperior expence.

In a hop garden, a fruit garden, a kitchen garden, both the rent of the landlord, and the profit of the farmer, are generally greater than in a corn or graſs field. But to bring the ground

ground into this condition requires more expence. Hence a greater rent becomes due to the landlord. It requires too a more attentive and ſkilful management. Hence a greater profit becomes due to the farmer. The crop too, at leaſt in the hop and fruit garden, is more precarious. Its price, therefore, beſides compenſating all occaſional loſſes, muſt afford ſomething like the profit of inſurance. The circumſtances of gardeners, generally mean, and always moderate, may ſatisfy us that their great ingenuity is not commonly over-recompenſed. Their delightful art is practiſed by ſo many rich people for amuſement, that little advantage is to be made by thoſe who practiſe it for profit; becauſe the perſons who ſhould naturally be their beſt cuſtomers, ſupply themſelves with all their moſt precious productions.

THE advantage which the landlord derives from ſuch improvements ſeems at no time to have been greater than what was ſufficient to compenſate the original expence of making them. In the antient huſbandry, after the vine-yard, a well-watered kitchen garden ſeems to have been the part of the farm which was ſuppoſed to yield the moſt valuable produce. But Democritus, who wrote upon huſbandry about two thouſand years ago, and who was regarded by the antients as one of the fathers of the art, thought they did not act wiſely who encloſed a kitchen garden. The profit, he ſaid, would not compenſate the expence of a ſtone wall; and bricks (he meant, I ſuppoſe, bricks baked in the ſun) mouldered with the rain, and the winter ſtorm, and required continual repairs. Columella, who reports this judgment of Democritus, does not controvert it, but propoſes a very frugal method of encloſing with a hedge of brambles and briars, which, he ſays, he had found by experience to be both a laſting and an impenetrable fence; but which, it ſeems, was not commonly known in the time of Democritus. Palladius adopts the opinion of Columella, which had before been recommended by Varro. In the judgment of thoſe antient improvers, the produce of a kitchen garden had, it ſeems, been little more than ſufficient to pay the extraordinary culture and the expence of watering; for in countries ſo near the ſun, it was thought proper, in thoſe times as in the preſent, to have the command of a ſtream of water, which could be conducted to every bed in the garden. Through the greater part of Europe, a kitchen garden is not at preſent ſuppoſed to deſerve a better incloſure than that recommended by Columella.

lumella. In Great Britain, and ſome other northern countries, the finer fruits cannot be brought to perfection but by the aſſiſtance of a wall. Their price, therefore, in ſuch countries muſt be ſufficient to pay the expence of building and maintaining what they cannot be had without. The fruit-wall frequently ſurrounds the kitchen garden, which thus enjoys the benefit of an encloſure which its own produce could ſeldom pay for.

THAT the vineyard, when properly planted and brought to perfection, was the moſt valuable part of the farm, ſeems to have been an undoubted maxim in the antient agriculture, as it is in the modern through all the wine countries. But whether it was advantageous to plant a new vineyard, was a matter of diſpute among the antient Italian huſbandmen, as we learn from Columella. He decides, like a true lover of all curious cultivation, in favour of the vineyard, and endeavours to ſhow, by a compariſon of the profit and expence, that it was a moſt advantageous improvement. Such compariſons, however, between the profit and expence of new projects, are commonly very fallacious; and in nothing more ſo than in agriculture. Had the gain actually made by ſuch plantations been commonly as great as he imagined it might have been, there could have been no diſpute about it. The ſame point is frequently at this day a matter of controverſy in the wine countries. Their writers on agriculture, indeed, the lovers and promoters of high cultivation, ſeem generally diſpoſed to decide with Columella in favour of the vineyard. In France the anxiety of the proprietors of the old vineyards to prevent the planting of any new ones, ſeems to favour their opinion, and to indicate a conſciouſneſs in thoſe who muſt have the experience, that this ſpecies of cultivation is at preſent in that country more profitable than any other. It ſeems at the ſame time, however, to indicate another opinion, that this ſuperior profit can laſt no longer than the laws which at preſent reſtrain the free cultivation of the vine. In 1731, they obtained an order of council, prohibiting both the planting of new vineyards, and the renewal of thoſe old ones, of which the cultivation had been interrupted for two years; without a particular permiſſion from the king, to be granted only in conſequence of an information from the intendant of the province, certifying that he had examined the land, and that it was incapable of any other culture. The pretence of this order was the ſcarcity of corn and paſture,

and

and the ſuper-abundance of wine. But had this ſuper-abundance been real, it would, without any order of council, have effectually prevented the plantation of new vineyards, by reducing the profits of this ſpecies of cultivation below their natural proportion to thoſe of corn and paſture. With regard to the ſuppoſed ſcarcity of corn occaſioned by the multiplication of vineyards, corn is no where in France more carefully cultivated than in the wine provinces, where the land is fit for producing it; as in Burgundy, Guienne, and the Upper Languedoc. The numerous hands employed in the one ſpecies of cultivation neceſſarily encourage the other, by affording a ready market for its produce. To diminiſh the number of thoſe who are capable of paying for it, is ſurely a moſt unpromiſing expedient for encouraging the cultivation of corn. It is like the policy which would promote agriculture by diſcouraging manufactures.

THE rent and profit of thoſe productions, therefore, which require either a greater original expence of improvement in order to fit the land for them, or a greater annual expence of cultivation, though often much ſuperior to thoſe of corn and paſture, yet when they do no more than compenſate ſuch extraordinary expence, are in reality regulated by the rent and profit of thoſe common crops.

IT ſometimes happens, indeed, that the quantity of land which can be fitted for ſome particular produce, is too ſmall to ſupply the effectual demand. The whole produce can be diſpoſed of to thoſe who are willing to give ſomewhat more than what is ſufficient to pay the whole rent, wages and profit neceſſary for raiſing and bringing it to market, according to their natural rates, or according to the rates at which they are paid in the greater part of other cultivated land. The ſurplus part of the price which remains after defraying the whole expence of improvement and cultivation may commonly, in this caſe, and in this caſe only, bear no regular proportion to the like ſurplus in corn or paſture, but may exceed it in almoſt any degree; and the greater part of this exceſs naturally goes to the rent of the landlord.

THE uſual and natural proportion, for example, between the rent and profit of wine and thoſe of corn and paſture, muſt be underſtood to take place only with regard to thoſe vineyards which produce nothing but good common wine, ſuch as can

can be raiſed almoſt any where, upon any light, gravelly, or ſandy ſoil, and which has nothing to recommend it but its ſtrength and wholeſomeneſs. It is with ſuch vineyards only that the common land of the country can be brought into competition; for with thoſe of a peculiar quality it is evident that it cannot.

THE vine is more affected by the difference of ſoils than any other fruit tree. From ſome it derives a flavour which no culture or management can equal, it is ſuppoſed, upon any other. This flavour, real or imaginary, is ſometimes peculiar to the produce of a few vineyards; ſometimes it extends through the greater part of a ſmall diſtrict, and ſometimes through a conſiderable part of a large province. The whole quantity of ſuch wines that is brought to market falls ſhort of the effectual demand, or the demand of thoſe who would be willing to pay the whole rent, profit and wages neceſſary for preparing and bringing them thither, according to the ordinary rate, or according to the rate at which they are paid in common vineyards. The whole quantity, therefore, can be diſpoſed of to thoſe who are willing to pay more, which neceſſarily raiſes the price above that of common wine. The difference is greater or leſs, according as the faſhionableneſs and ſcarcity of the wine render the competition of the buyers more or leſs eager. Whatever it be, the greater part of it goes to the rent of the landlord. For though ſuch vineyards are in general more carefully cultivated than moſt others, the high price of the wine ſeems to be, not ſo much the effect, as the cauſe of this careful cultivation. In ſo valuable a produce the loſs occaſioned by negligence is ſo great as to force even the moſt careleſs to attention. A ſmall part of this high price, therefore, is ſufficient to pay the wages of the extraordinary labour beſtowed upon their cultivation, and the profits of the extraordinary ſtock which puts that labour into motion.

THE ſugar colonies poſſeſſed by the European nations in the Weſt Indies, may be compared to thoſe precious vineyards. Their whole produce falls ſhort of the effectual demand of Europe, and can be diſpoſed of to thoſe who are willing to give more than what is ſufficient to pay the whole rent, profit and wages neceſſary for preparing and bringing it to market, according to the rate at which they are commonly paid by any other produce. In Cochin-china the fineſt white ſugar commonly

commonly ſells for three piaſters the quintal, about thirteen ſhillings and ſixpence of our money, as we are told by * Mr. Poivre, a very careful obſerver of the agriculture of that country. What is there called the quintal weighs from a hundred and fifty to two hundred Paris pounds, or a hundred and ſeventy-five Paris pounds at a medium, which reduces the price of the hundred weight Engliſh to about eight ſhillings ſterling, not a fourth part of what is commonly paid for the brown or muſkavada ſugars imported from our colonies, and not a ſixth part of what is paid for the fineſt white ſugar. The greater part of the cultivated lands in Cochin-china are employed in producing corn and rice, the food of the great body of the people. The reſpective prices of corn, rice, and ſugar, are there probably in the natural proportion, or in that which naturally takes place in the different crops of the greater part of cultivated land, and which recompences the landlord and farmer, as nearly as can be computed, according to what is uſually the original expence of improvement and the annual expence of cultivation. But in our ſugar colonies the price of ſugar bears no ſuch proportion to that of the produce of a rice or corn field either in Europe or in America. It is commonly ſaid, that a ſugar planter expects that the rum and the molaſſes ſhould defray the whole expence of his cultivation, and that his ſugar ſhould be all clear profit. If this be true, for I pretend not to affirm it, it is as if a corn farmer expected to defray the expence of his cultivation with the chaff and the ſtraw, and that the grain ſhould be all clear profit. We ſee frequently ſocieties of merchants in London and other trading towns, purchaſe waſte lands in our ſugar colonies, which they expect to improve and cultivate with profit by means of factors and agents; notwithſtanding the great diſtance and the uncertain returns, from the defective adminiſtration of juſtice in thoſe countries. Nobody will attempt to improve and cultivate in the ſame manner the moſt fertile lands of Scotland, Ireland, or the corn provinces of North America; though from the more exact adminiſtration of juſtice in theſe countries, more regular returns might be expected.

In Virginia and Maryland the cultivation of tobacco is preferred, as more profitable, to that of corn. Tobacco might be cultivated with advantage through the greater part

* Voyages d'un Philoſophe.

of Europe; but in almoſt every part of Europe it has become a principal ſubject of taxation, and to collect a tax from every different farm in the country where this plant might happen to be cultivated, would be more difficult, it has been ſuppoſed, than to levy one upon its importation at the cuſtom-houſe. The cultivation of tobacco has upon this account been moſt abſurdly prohibited through the greater part of Europe, which neceſſarily gives a ſort of monopoly to the countries where it is allowed; and as Virginia and Maryland produce the greateſt quantity of it, they ſhare largely, though with ſome competitors, in the advantage of this monopoly. The cultivation of tobacco, however, ſeems not to be ſo advantageous as that of ſugar. I have never even heard of any tobacco plantation that was improved and cultivated by the capital of merchants who reſided in Great Britain, and our tobacco colonies ſend us home no ſuch wealthy planters as we ſee frequently arrive from our ſugar iſlands. Though from the preference given in thoſe colonies to the cultivation of tobacco above that of corn, it would appear that the effectual demand of Europe for tobacco is not completely ſupplied, it probably is more nearly ſo than that for ſugar: And though the preſent price of tobacco is probably more than ſufficient to pay the whole rent, wages and profit neceſſary for preparing and bringing it to market, according to the rate at which they are commonly paid in corn land; it muſt not be ſo much more as the preſent price of ſugar. Our tobacco planters, accordingly, have ſhewn the ſame fear of the ſuper-abundance of tobacco, which the proprietors of the old vineyards in France have of the ſuper-abundance of wine. By act of aſſembly they have reſtrained its cultivation to ſix thouſand plants, ſuppoſed to yield a thouſand weight of tobacco, for every negro between ſixteen and ſixty years of age. Such a negro, over and above this quantity of tobacco, can manage, they reckon, four acres of Indian corn. To prevent the market from being overſtocked too, they have ſometimes, in plentiful years, we are told by Dr. Douglas, (I ſuſpect he has been ill informed) * burnt a certain quantity of tobacco for every negro, in the ſame manner as the Dutch are ſaid to do of ſpices. If ſuch violent methods are neceſſary to keep up the preſent price of tobacco, the ſuperior advantage of its culture over that of corn, if it ſtill has any, will not probably be of long continuance.

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* Douglas's Summary, vol. ii. p. 372, 373.

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IT is in this manner that the rent of the cultivated land, of which the produce is human food, regulates the rent of the greater part of other cultivated land. No particular produce can long afford leſs; becauſe the land would immediately be turned to another uſe: And if any particular produce commonly affords more, it is becauſe the quantity of land which can be fitted for it is too ſmall to ſupply the effectual demand.

IN Europe corn is the principal produce of land which ſerves immediately for human food. Except in particular ſituations, therefore, the rent of corn land regulates in Europe that of all other cultivated land. Britain need envy neither the vineyards of France nor the olive plantations of Italy. Except in particular ſituations, the value of theſe is regulated by that of corn, in which the fertility of Britain is not much inferior to that of either of thoſe two countries.

IF in any country the common and favourite vegetable food of the people ſhould be drawn from a plant of which the moſt common land, with the ſame or nearly the ſame culture, produced a much greater quantity than the moſt fertile does of corn, the rent of the landlord, or the ſurplus quantity of food which would remain to him, after paying the labour and replacing the ſtock of the farmer, together with its ordinary profits, would neceſſarily be much greater. Whatever was the rate at which labour was commonly maintained in that country, this greater ſurplus could always maintain a greater quantity of it, and conſequently enable the landlord to purchaſe or command a greater quantity of it. The real value of his rent, his real power and authority, his command of the neceſſaries and conveniencies of life with which the labour of other people could ſupply him, would neceſſarily be much greater.

A RICE field produces a much greater quantity of food than the moſt fertile corn field. Two crops in the year from thirty to ſixty buſhels each, are ſaid to be the ordinary produce of an acre. Though its cultivation, therefore, requires more labour, a much greater ſurplus remains after maintaining all that labour. In thoſe rice countries, therefore, where rice is the common and favourite vegetable food of the people, and where the cultivators are chiefly maintained with it, a greater ſhare of this greater ſurplus ſhould belong to the landlord than in corn countries. In Carolina, where the planters, as in other Britiſh colonies, are generally both farmers and

landlords, and where rent conſequently is confounded with profit, the cultivation of rice is found to be more profitable than that of corn, though their fields produce only one crop in the year, and though, from the prevalence of the cuſtoms of Europe, rice is not there the common and favourite vegetable food of the people.

A GOOD rice field is a bog at all ſeaſons, and at one ſeaſon a bog covered with water. It is unfit either for corn, or paſture, or vineyard, or, indeed, for any other vegetable produce that is very uſeful to men: And the lands which are fit for thoſe purpoſes, are not fit for rice. Even in the rice countries, therefore, the rent of rice lands cannot regulate the rent of the other cultivated land which can never be turned to that produce.

THE food produced by a field of potatoes is not inferior in quantity to that produced by a field of rice, and much ſuperior to what is produced by a field of wheat. Twelve thouſand weight of potatoes from an acre of land is not a greater produce than two thouſand weight of wheat. The food or ſolid nouriſhment, indeed, which can be drawn from each of thoſe two plants, is not altogether in proportion to their weight, on account of the watery nature of potatoes. Allowing, however, half the weight of this root to go to water, a very large allowance, ſuch an acre of potatoes will ſtill produce ſix thouſand weight of ſolid nouriſhment, three times the quantity produced by the acre of wheat. An acre of potatoes is cultivated with leſs expence than an acre of wheat; the fallow, which generally precedes the ſowing of wheat, more than compenſating the hoeing and other extraordinary culture which is always given to potatoes. Should this root ever become in any part of Europe, like rice in ſome rice countries, the common and favourite vegetable food of the people, ſo as to occupy the ſame proportion of the lands in tillage which wheat and other ſorts of grain for human food do at preſent, the ſame quantity of cultivated land would maintain a much greater number of people, and the labourers being generally fed with potatoes, a greater ſurplus would remain after replacing all the ſtock and maintaining all the labour employed in cultivation. A greater ſhare of this ſurplus too would belong to the landlord. Population would increaſe, and rents would riſe much beyond what they are at preſent.

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THE land which is fit for potatoes, is fit for almoſt every other uſeful vegetable. If they occupied the ſame proportion of cultivated land which corn does at preſent, they would regulate, in the ſame manner, the rent of the greater part of other cultivated land.

IN ſome parts of Lancaſhire it is pretended, I have been told, that bread of oatmeal is a heartier food for labouring people than wheaten bread, and I have frequently heard the ſame doctrine held in Scotland. I am, however, ſomewhat doubtful of the truth of it. The common people in Scotland, who are fed with oatmeal, are in general neither ſo ſtrong, nor ſo handſome as the ſame rank of people in England, who are fed with wheaten bread. They neither work ſo well, nor look ſo well; and as there is not the ſame difference between the people of faſhion in the two countries, experience would ſeem to ſhow, that the food of the common people in Scotland is not ſo ſuitable to the human conſtitution as that of their neighbours of the ſame rank in England. But it ſeems to be otherwiſe with potatoes. The chairmen, porters, and coal-heavers in London, and thoſe unfortunate women who live by proſtitution, the ſtrongeſt men and the moſt beautiful women perhaps in the Britiſh dominions, are ſaid to be, the greater part of them, from the loweſt rank of people in Ireland, who are generally fed with this root. No food can afford a more deciſive proof of its nouriſhing quality, or of its being peculiarly ſuitable to the health of the human conſtitution.

IT is difficult to preſerve potatoes through the year, and impoſſible to ſtore them, like corn, for two or three years together. The fear of not being able to ſell them before they rot, diſcourages their cultivation, and is, perhaps, the chief obſtacle to their ever becoming in any great country, like bread, the principal vegetable food of all the different ranks of the people.

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PART II.

Of the Produce of Land which ſometimes does, and ſometimes does not, afford Rent.

HUMAN food ſeems to be the only produce of land which always and neceſſarily affords ſome rent to the landlord. Other ſorts of produce ſometimes may and ſometimes may not, according to different circumſtances.

AFTER food, cloathing and lodging are the two great wants of mankind.

LAND in its original rude ſtate can afford the materials of cloathing and lodging to a much greater number of people than it can feed. In its improved ſtate it can ſometimes feed a greater number of people than it can ſupply with thoſe materials; at leaſt in the way in which they require them, and are willing to pay for them. In the one ſtate, therefore, there is always a ſuper-abundance of thoſe materials, which are frequently, upon that account, of little or no value. In the other there is often a ſcarcity, which neceſſarily augments their value. In the one ſtate a great part of them is thrown away as uſeleſs, and the price of what is uſed is conſidered as equal only to the labour and expence of fitting it for uſe, and can, therefore, afford no rent to the landlord. In the other they are all made uſe of, and there is frequently a demand for more than can be had. Somebody is always willing to give more for every part of them than what is ſufficient to pay the expence of bringing them to market. Their price, therefore, can always afford ſome rent to the landlord.

THE ſkins of the larger animals were the original materials of cloathing. Among nations of hunters and ſhepherds, therefore, whoſe food conſiſts chiefly in the fleſh of thoſe animals, every man, by providing himſelf with food, provides himſelf with the materials of more cloathing than he can wear. If there was no foreign commerce, the greater part of

of them would be thrown away as things of no value. This was probably the caſe among the hunting nations of North America, before their country was diſcovered by the Europeans, with whom they now exchange their ſurplus peltry, for blankets, fire-arms, and brandy, which gives it ſome value. In the preſent commercial ſtate of the known world, the moſt barbarous nations, I believe, among whom land property is eſtabliſhed, have ſome foreign commerce of this kind, and find among their wealthier neighbours ſuch a demand for all the materials of cloathing, which their land produces, and which can neither be wrought up nor conſumed at home, as raiſes their price above what it coſts to ſend them to thoſe wealthier neighbours. It affords, therefore, ſome rent to the landlord. When the greater part of the highland cattle were conſumed on their own hills, the exportation of their hides made the moſt conſiderable article of the commerce of that country, and what they were exchanged for afforded ſome addition to the rent of the highland eſtates. The wool of England, which in old times could neither be conſumed nor wrought up at home, found a market in the then wealthier and more induſtrious country of Flanders, and its price afforded ſomething to the rent of the land which produced it. In countries not better cultivated than England was then, or than the highlands of Scotland are now, and which had no foreign commerce, the materials of cloathing would evidently be ſo ſuper-abundant, that a great part of them would be thrown away as uſeleſs, and no part could afford any rent to the landlord.

THE materials of lodging cannot always be tranſported to ſo great a diſtance as thoſe of cloathing, and do not ſo readily become an object of foreign commerce. When they are ſuper-abundant in the country which produces them, it frequently happens, even in the preſent commercial ſtate of the world, that they are of no value to the landlord. A good ſtone quarry in the neighbourhood of London would afford a conſiderable rent. In many parts of Scotland and Wales it affords none. Barren timber for building is of great value in a populous and well-cultivated country, and the land which produces it, affords a conſiderable rent. But in many parts of North America the landlord would be much obliged to any body who would carry away the greater part of his large trees. In ſome parts of the highlands of Scotland the bark is the only part of the wood which, for want of roads and water-

water-carriage, can be ſent to market. The timber is left to rot upon the ground. When the materials of lodging are ſo ſuper-abundant, the part made uſe of is worth only the labour and expence of fitting it for that uſe. It affords no rent to the landlord, who generally grants the uſe of it to whoever takes the trouble of aſking it. The demand of wealthier nations, however, ſometimes enables him to get a rent for it. The paving of the ſtreets of London has enabled the owners of ſome barren rocks on the coaſt of Scotland to draw a rent from what never afforded any before. The woods of Norway and of the coaſts of the Baltick, find a market in many parts of Great Britain which they could not find at home, and thereby afford ſome rent to their proprietors.

COUNTRIES are populous, not in proportion to the number of people whom their produce can cloath and lodge, but in proportion to that of thoſe whom it can feed. When food is provided, it is eaſy to find the neceſſary cloathing and lodging. But though theſe are at hand, it may often be difficult to find food. In ſome parts even of the Britiſh dominions what is called A Houſe, may be built by one day's labour of one man. The ſimpleſt ſpecies of cloathing, the ſkins of animals, requires ſomewhat more labour to dreſs and prepare them for uſe. They do not, however, require a great deal. Among ſavage and barbarous nations, a hundredth or little more than a hundreth part of the labour of the whole year, will be ſufficient to provide them with ſuch cloathing and lodging as ſatisfy the greater part of the people. All the other ninety-nine parts are frequently no more than enough to provide them with food.

BUT when by the improvement and cultivation of land the labour of one family can provide food for two, the labour of half the ſociety becomes ſufficient to provide food for the whole. The other half, therefore, or at leaſt the greater part of them, can be employed in providing other things, or in ſatisfying the other wants and fancies of mankind. Cloathing and lodging, houſhold furniture, and what is called Equipage, are the principal objects of the greater part of thoſe wants and fancies. The rich man conſumes no more food than his poor neighbour. In quality it may be very different, and to ſelect and prepare it may require more labour and art; but in quantity it is very nearly the ſame. But compare the

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ſpacious palace and great wardrobe of the one, with the hovel and the few rags of the other, and you will be ſenſible that the difference between their cloathing, lodging and houſhold furniture, is almoſt as great in quantity as it is in quality. The deſire of food is limited in every man by the narrow capacity of the human ſtomach; but the deſire of the conveniencies and ornaments of building, dreſs, equipage, and houſhold furniture, ſeems to have no limit or certain boundary. Thoſe, therefore, who have the command of more food than they themſelves can conſume, are always willing to exchange the ſurplus, or, what is the ſame thing, the price of it, for gratifications of this other kind. What is over and above ſatisfying the limited deſire, is given for the amuſement of thoſe deſires which cannot be ſatisfied, but ſeem to be altogether endleſs. The poor, in order to obtain food, exert themſelves to gratify thoſe fancies of the rich, and to obtain it more certainly, they vie with one another in the cheapneſs and perfection of their work. The number of workmen increaſes with the increaſing quantity of food, or with the growing improvement and cultivation of the lands; and as the nature of their buſineſs admits of the utmoſt ſubdiviſions of labour, the quantity of materials which they can work up, increaſes in a much greater proportion than their numbers. Hence ariſes a demand for every ſort of material which human invention can employ, either uſefully or ornamentally, in building, dreſs, equipage, or houſhold furniture; for the foſſils and minerals contained in the bowels of the earth; the precious metals, and the precious ſtones.

FOOD is in this manner, not only the original ſource of rent, but every other part of the produce of land which afterwards affords rent, derives that part of its value from the improvement of the powers of labour in producing food by means of the improvement and cultivation of land.

THOSE other parts of the produce of land, however, which afterwards afford rent, do not afford it always. Even in improved and cultivated countries, the demand for them is not always ſuch as to afford a greater price than what is ſufficient to pay the labour, and replace, together with its ordinary profits, the ſtock which muſt be employed in bringing them to market. Whether it is or is not ſuch, depends upon different circumſtances.

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WHETHER a coal-mine, for example, can afford any rent depends partly upon its fertility, and partly upon its situation.

A MINE of any kind may be said to be either fertile or barren, according as the quantity of mineral which can be brought from it by a certain quantity of labour, is greater or less than what can be brought by an equal quantity from the greater part of other mines of the same kind.

SOME coal-mines advantageously situated, cannot be wrought on account of their barrenness. The produce does not pay the expence. They can afford neither profit nor rent.

THERE are some of which the produce is barely sufficient to pay the labour, and replace, together with its ordinary profits, the stock employed in working them. They afford some profit to the undertaker of the work, but no rent to the landlord. They can be wrought advantageously by nobody but the landlord, who being himself undertaker of the work, gets the ordinary profit of the capital which he employs in it. Many coal-mines in Scotland are wrought in this manner, and can be wrought in no other. The landlord will allow nobody else to work them without paying some rent, and nobody can afford to pay any.

OTHER coal-mines in the same country sufficiently fertile, cannot be wrought on account of their situation. A quantity of mineral sufficient to defray the expence of working, could be brought from the mine by the ordinary, or even less than the ordinary quantity of labour: But in an inland country, thinly inhabited, and without either good roads or water-carriage, this quantity could not be sold.

COALS are a less agreeable fewel than wood: they are said to be less wholesome. The expence of coals, therefore, at the place where they are consumed, must generally be somewhat less than that of wood.

THE price of wood again varies with the state of agriculture, nearly in the same manner, and exactly for the same reason, as the price of cattle. In its rude beginnings the greater part of every country is covered with wood, which is then

then a mere incumbrance of no value to the landlord, who would gladly give it to any body for the cutting. As agriculture advances, the woods are partly cleared by the progreſs of tillage, and partly go to decay in conſequence of the increaſed number of cattle. Theſe, though they do not increaſe in the ſame proportion as corn, which is altogether the acquiſition of human induſtry, yet multiply under the care and protection of men; who ſtore up in the ſeaſon of plenty what may maintain them in that of ſcarcity, who through the whole year furniſh them with a greater quantity of food than uncultivated nature provides for them, and who by deſtroying and extirpating their enemies, ſecure them in the free enjoyment of all that ſhe provides. Numerous herds of cattle, when allowed to wander through the woods, though they do not deſtroy the old trees, hinder any young ones from coming up, ſo that in the courſe of a century or two the whole foreſt goes to ruin. The ſcarcity of wood then raiſes its price. It affords a good rent, and the landlord ſometimes finds that he can ſcarce employ his beſt lands more advantageouſly than in growing barren timber, of which the greatneſs of the profit often compenſates the lateneſs of the returns. This ſeems in the preſent times to be nearly the ſtate of things in ſeveral parts of Great Britain, where the profit of planting is found to be equal to that of either corn or paſture. The advantage which the landlord derives from planting, can no-where exceed, at leaſt for any conſiderable time, the rent which theſe could afford him; and in an inland country which is highly cultivated, it will frequently not fall much ſhort of this rent. Upon the ſea-coaſt of a well-improved country, indeed, if coals can conveniently be had for fewel, it may ſometimes be cheaper to bring barren timber for building from leſs cultivated foreign countries, than to raiſe it at home. In the new town of Edinburgh, built within theſe few years, there is not, perhaps, a ſingle ſtick of Scotch timber.

WHATEVER may be the price of wood, if that of coals is ſuch that the expence of a coal-fire is nearly equal to that of a wood one, we may be aſſured, that at that place, and in theſe circumſtances, the price of coals is as high as it can be. It ſeems to be ſo in ſome of the inland parts of England, particularly in Oxfordſhire, where it is uſual, even in the fires of the common people, to mix coals and wood together, and

and where the difference in the expence of thoſe two ſorts of fewel cannot, therefore, be very great.

COALS, in the coal countries, are every-where much below this higheſt price. If they were not, they could not bear the expence of a diſtant carriage, either by land or by water. A ſmall quantity only could be ſold, and the coal maſters and coal proprietors find it more for their intereſt to ſell a great quantity at a price ſomewhat above the loweſt, than a ſmall quantity at the higheſt. The moſt fertile coal-mine too, regulates the price of coals at all the other mines in its neighbourhood. Both the proprietor and the undertaker of the work find, the one that he can get a greater rent, the other that he can get a greater profit, by ſomewhat underſelling all their neighbours. Their neighbours are ſoon obliged to ſell at the ſame price, though they cannot ſo well afford it, and though it always diminiſhes, and ſometimes takes away altogether both their rent and their profit. Some works are abandoned altogether; others can afford no rent, and can be wrought only by the proprietor.

THE loweſt price at which coals can be ſold for any conſiderable time, is like that of all other commodities, the price which is barely ſufficient to replace, together with its ordinary profits, the ſtock which muſt be employed in bringing them to market. At a coal-mine for which the landlord can get no rent, but which he muſt either work himſelf, or let it alone altogether, the price of coals muſt generally be nearly about this price.

RENT, even where coals afford one, has generally a ſmaller ſhare in their price than in that of moſt other parts of the rude produce of land. The rent of an eſtate above ground, commonly amounts to what is ſuppoſed to be a third of the groſs produce; and it is generally a rent certain and independent of the occaſional variations in the crop. In coal-mines a fifth of the groſs produce is a very great rent; a tenth the common rent, and it is ſeldom a rent certain, but depends upon the occaſional variations in the produce. Theſe are ſo great, that in a country where thirty years purchaſe is conſidered as a moderate price for the property of a landed eſtate, ten years purchaſe is regarded as a good price for that of a coal-mine.

THE

THE value of a coal-mine to the proprietor frequently depends as much upon its ſituation as upon its fertility. That of a metallic mine depends more upon its fertility, and leſs upon its ſituation. The coarſe, and ſtill more the precious metals, when ſeparated from the ore, are ſo valuable that they can generally bear the expence of a very long land, and of the moſt diſtant ſea carriage. Their market is not confined to the countries in the neighbourhood of the mine, but extends to the whole world. The copper of Japan makes an article of commerce in Europe; the iron of Spain in that of Chili and Peru. The ſilver of Peru finds its way, not only to Europe, but from Europe to China.

THE price of coals in Weſtmorland or Shropſhire, can have little effect on their price at Newcaſtle; and their price in the Lionnois can have none at all. The productions of ſuch diſtant coal-mines can never be brought into competition with one another. But the productions of the moſt diſtant metallic mines frequently may, and in fact commonly are. The price, therefore, of the coarſe, and ſtill more that of the precious metals, at the moſt fertile mines in the world, muſt neceſſarily more or leſs affect their price at every other in it. The price of copper in Japan muſt have ſome influence upon its price at the copper mines in Europe. The price of ſilver in Peru, or the quantity either of labour or of other goods which it will purchaſe there, muſt have ſome influence on its price, not only at the ſilver mines of Europe, but at thoſe of China. After the diſcovery of the mines of Peru, the ſilver mines of Europe were, the greater part of them, abandoned. The value of ſilver was ſo much reduced that their produce could no longer pay the expence of working them, or replace, with a profit, the food, cloaths, lodging and other neceſſaries which were conſumed in that operation. This was the caſe too with the mines of Cuba and St. Domingo, and even with the antient mines of Peru, after the diſcovery of thoſe of Potoſi.

THE price of every metal at every mine, therefore, being regulated in ſome meaſure by its price at the moſt fertile mine in the world that is actually wrought, it can at the greater part of mines do very little more than pay the expence of working, and can ſeldom afford a very high rent to the landlord. Rent, accordingly, ſeems at the greater part of mines to have but a ſmall ſhare in the price of the coarſe, and a ſtill

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ſmaller in that of the precious metals. Labour and profit make up the greater part of both.

A SIXTH part of the groſs produce may be reckoned the average rent of the tin mines of Cornwall, the moſt fertile that are known in the world, as we are told by the Reverend Mr. Borlace, vice-warden of the ſtannaries. Some, he ſays, afford more, and ſome do not afford ſo much. A ſixth part of the groſs produce is the rent too of ſeveral very fertile lead mines in Scotland.

IN the ſilver mines of Peru, we are told by Frezier and Ulloa, the proprietor frequently exacts no other acknowledgment from the undertaker of the mine, but that he will grind the ore at his mill, paying him the ordinary multure or price of grinding. Till 1736, indeed, the tax of the king of Spain amounted to one-fifth of the ſtandard ſilver, which till then might be conſidered as the real rent of the greater part of the ſilver mines of Peru, the richeſt which have been known in the world. If there had been no tax, this fifth would naturally have belonged to the landlord, and many mines might have been wrought which could not then be wrought, becauſe they could not afford this tax. The tax of the duke of Cornwall upon tin is ſuppoſed to amount to more than five per cent. or one-twentieth part of the value; and whatever may be his proportion, it would naturally too belong to the proprietor of the mine, if tin was duty free. But if you add one-twentieth to one-ſixth, you will find that the whole average rent of the tin mines of Cornwall, was to the whole average rent of the ſilver mines of Peru, as thirteen to twelve. But the ſilver mines of Peru are not now able to pay even this low rent, and the tax upon ſilver was, in 1736, reduced from one-fifth to one-tenth. Even this tax upon ſilver too gives more temptation to ſmuggling than the tax of one-twentieth upon tin; and ſmuggling muſt be much eaſier in the precious than in the bulky commodity. The tax of the king of Spain, accordingly, is ſaid to be very ill paid, and that of the duke of Cornwall very well. Rent, therefore, it is probable, makes a greater part of the price of tin at the moſt fertile tin mines, than it does of ſilver at the moſt fertile ſilver mines in the world. After replacing the ſtock employed in working thoſe different mines, together with its ordinary profits, the reſidue which remains to the proprietor, is greater it ſeems in the coarſe, than in the precious metal.

NEITHER

NEITHER are the profits of the undertakers of silver mines commonly very great in Peru. The same most respectable and well informed authors acquaint us, that when any person undertakes to work a new mine in Peru, he is universally looked upon as a man destined to bankruptcy and ruin, and is upon that account shunned and avoided by every body. Mining, it seems, is considered there in the same light as here, as a lottery, in which the prizes do not compensate the blanks, though the greatness of some tempts many adventurers to throw away their fortunes in such unprosperous projects.

As the sovereign, however, derives a considerable part of his revenue from the produce of silver mines, the law in Peru gives every possible encouragement to the discovery and working of new ones. Whoever discovers a new mine, is entitled to measure off two hundred and forty-six feet in length, according to what he supposes to be the direction of the vein, and half as much in breadth. He becomes proprietor of this portion of the mine, and can work it without paying any acknowledgment to the landlord. The interest of the duke of Cornwall has given occasion to a regulation nearly of the same kind in that antient dutchy. In waste and unincloſed lands any person who discovers a tin mine, may mark out its limits to a certain extent, which is called bounding a mine. The bounder becomes the real proprietor of the mine, and may either work it himself, or give it in lease to another, without the consent of the owner of the land, to whom, however, a very small acknowledgment must be paid upon working it. In both regulations the sacred rights of private property are sacrificed to the supposed interests of public revenue.

THE same encouragement is given in Peru to the discovery and working of new gold mines; and in gold the king's tax amounts only to a twentieth part of the standard metal. It was once a fifth, and afterwards a tenth, as in silver; but it was found that the work could not bear even the lowest of these two taxes. If it is rare, however, say the same authors, Frezier and Ulloa, to find a person who has made his fortune by a silver, it is still much rarer to find one who has done so by a gold mine. This twentieth part seems to be the whole rent which is paid by the greater part of the gold mines in Chili and Peru. Gold too is much more liable to be smuggled

gled than even ſilver; not only on account of the ſuperior value of the metal in proportion to its bulk, but on account of the peculiar way in which nature produces it. Silver is very ſeldom found virgin, but, like moſt other metals, is generally mineralized with ſome other body, from which it is impoſſible to ſeparate it in ſuch quantities as will pay for the expence, but by a very laborious and tedious operation, which cannot well be carried on but in workhouſes erected for the purpoſe, and therefore expoſed to the inſpection of the king's officers. Gold, on the contrary, is almoſt always found virgin. It is ſometimes found in pieces of ſome bulk; and even when mixed in ſmall and almoſt inſenſible particles with ſand, earth, and other extraneous bodies, it can be ſeparated from them by a very ſhort and ſimple operation, which can be carried on in any private houſe by any body who is poſſeſſed of a ſmall quantity of mercury. If the king's tax, therefore, is but ill paid upon ſilver, it is likely to be much worſe paid upon gold; and rent muſt make a much ſmaller part of the price of gold, than even of that of ſilver.

THE loweſt price at which the precious metals can be ſold, or the ſmalleſt quantity of other goods for which they can be exchanged during any conſiderable time, is regulated by the ſame principles which fix the loweſt ordinary price of all other goods. The ſtock which muſt commonly be employed, the food, cloaths and lodging which muſt commonly be conſumed in bringing them from the mine to the market, determine it. It muſt at leaſt be ſufficient to replace that ſtock, with the ordinary profits.

THEIR higheſt price, however, ſeems not to be neceſſarily determined by any thing but the actual ſcarcity or plenty of thoſe metals themſelves. It is not determined by that of any other commodity, in the ſame manner as the price of coals is by that of wood, beyond which no ſcarcity can ever raiſe it. Increaſe the ſcarcity of gold to a certain degree, and the ſmalleſt bit of it may become more precious than a diamond, and exchange for a greater quantity of other goods.

THE demand for thoſe metals ariſes partly from their utility, and partly from their beauty. If you except iron, they are more uſeful than perhaps any other metal. As they are leſs liable to ruſt and impurity, they can more eaſily be kept clean;

clean; and the utenſils either of the table or the kitchen are often upon that account more agreeable when made of them. A ſilver boiler is more cleanly than a lead, copper, or tin one; and the ſame quality would render a gold boiler ſtill better than a ſilver one. Their principal merit, however, ariſes from their beauty, which renders them peculiarly fit for the ornaments of dreſs and furniture. No paint or dye can give ſo ſplendid a colour as gilding. The merit of their beauty is greatly enhanced by their ſcarcity. With the greater part of rich people, the chief enjoyment of riches conſiſts in the parade of riches, which in their eyes is never ſo compleat as when they appear to poſſeſs thoſe deciſive marks of opulence which nobody can poſſeſs but themſelves. In their eyes the merit of an object which is in any degree either uſeful or beautiful, is greatly enhanced by its ſcarcity, or by the great labour which it requires to collect any conſiderable quantity of it, a labour which nobody can afford to pay but themſelves. Such objects they are willing to purchaſe at a higher price than things much more beautiful and uſeful, but more common. Theſe qualities of utility, beauty, and ſcarcity, are the original foundation of the high price of thoſe metals, or of the great quantity of other goods for which they can every where be exchanged. This value was antecedent to and independent of their being employed as coin, and was the quality which fitted them for that employment. That employment, however, by occaſioning a new demand, and by diminiſhing the quantity which could be employed in any other way, may have afterwards contributed to keep up or increaſe their value.

THE demand for the precious ſtones ariſes altogether from their beauty. They are of no uſe, but as ornaments; and the merit of their beauty is greatly enhanced by their ſcarcity, or by the difficulty and expence of getting them from the mine. Wages and profit accordingly make up, upon moſt occaſions, almoſt the whole of their high price. Rent comes in but for a very ſmall ſhare; frequently for no ſhare; and the moſt fertile mines only afford any conſiderable rent. When Tavernier, a jeweller, viſited the diamond mines of Golconda and Viſiapour, he was informed that the ſovereign of the country, for whoſe benefit they were wrought, had ordered all of them to be ſhut up, except thoſe which yielded the largeſt and fineſt ſtones. The others, it ſeems, were to the proprietor not worth the working.

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As the price both of the precious metals and of the precious ſtones is regulated all over the world by their price at the moſt fertile mine in it, the rent which a mine of either can afford to its proprietor is in proportion, not to its abſolute, but to what may be called its relative fertility, or to its ſuperiority over other mines of the ſame kind. If new mines were diſcovered as much ſuperior to thoſe of Potoſi as they were ſuperior to thoſe of Europe, the value of ſilver might be ſo much degraded as to render even the mines of Potoſi not worth the working. Before the diſcovery of the Spaniſh Weſt Indies, the moſt fertile mines in Europe may have afforded as great a rent to their proprietor as the richeſt mines in Peru do at preſent. Though the quantity of ſilver was much leſs, it might have exchanged for an equal quantity of other goods, and the proprietor's ſhare might have enabled him to purchaſe or command an equal quantity either of labour or of commodities. The value both of the produce and of the rent, the real revenue which they afforded both to the public and to the proprietor, might have been the ſame.

The moſt abundant mines either of the precious metals or of the precious ſtones could add little to the wealth of the world. A produce of which the value is principally derived from its ſcarcity, is neceſſarily degraded by its abundance. A ſervice of plate, and the other frivolous ornaments of dreſs and furniture, could be purchaſed for a ſmaller quantity of labour, or for a ſmaller quantity of commodities; and in this would conſiſt the ſole advantage which the world could derive from that abundance.

It is otherwiſe in eſtates above ground. The value both of their produce and of their rent is in proportion to their abſolute, and not to their relative fertility. The land which produces a certain quantity of food, cloaths, and lodging, can always feed, cloath, and lodge a certain number of people; and whatever may be the proportion of the landlord, it will always give him a proportionable command of the labour of thoſe people, and of the commodities with which that labour can ſupply him. The value of the moſt barren lands is not diminiſhed by the neighbourhood of the moſt fertile. On the contrary, it is generally increaſed by it. The great number of people maintained by the fertile lands afford a market to many parts of the produce of the barren, which they could never

never have found among thoſe whom their own produce could maintain.

WHATEVER increaſes the fertility of land in producing food, increaſes not only the value of the lands upon which the improvement is beſtowed, but contributes likewiſe to increaſe that of many other lands, by creating a new demand for their produce. That abundance of food, of which, in conſequence of the improvement of land, many people have the diſpoſal beyond what they themſelves can conſume, is the great cauſe of the demand both for the precious metals and the precious ſtones, as well as for every other convenience and ornament of dreſs, lodging, houſhold furniture, and equipage. Food not only conſtitutes the principal part of the riches of the world, but it is the abundance of food which gives the principal part of their value to many other ſorts of riches. The poor inhabitants of Cuba and St. Domingo, when they were firſt diſcovered by the Spaniards, uſed to wear little bits of gold as ornaments in their hair and other parts of their dreſs. They ſeemed to value them as we would do any little pebbles of ſomewhat more than ordinary beauty, and to conſider them as juſt worth the picking up, but not worth the refuſing to any body who aſked them. They gave them to their new gueſts at the firſt requeſt, without ſeeming to think that they had made them any very valuable preſent. They were aſtoniſhed to obſerve the rage of the Spaniards to obtain them; and had no notion that there could any where be a country in which many people had the diſpoſal of ſo great a ſuperfluity of food, ſo ſcanty always among themſelves, that for a very ſmall quantity of thoſe glittering baubles they would willingly give as much as might maintain a whole family for many years. Could they have been made to underſtand this, the paſſion of the Spaniards would not have ſurpriſed them.

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PART III.

Of the Variations in the Proportion between the reſpective Values of that Sort of Produce which always affords Rent, and of that which ſometimes does and ſometimes does not afford Rent.

THE increaſing abundance of food, in conſequence of increaſing improvement and cultivation, muſt neceſſarily increaſe the demand for every part of the produce of land which is not food, and which can be applied either to uſe or to ornament. In the whole progreſs of improvement, it might therefore be expected, there ſhould be only one variation in the comparative values of thoſe two different ſorts of produce. The value of that ſort which ſometimes does and ſometimes does not afford rent, ſhould conſtantly riſe in proportion to that which always affords ſome rent. As art and induſtry advance, the materials of cloathing and lodging, the uſeful foſſils and minerals of the earth, the precious metals and the precious ſtones ſhould gradually come to be more and more in demand, ſhould gradually exchange for a greater and a greater quantity of food, or in other words, ſhould gradually become dearer and dearer. This accordingly has been the caſe with moſt of theſe things upon moſt occaſions, and would have been the caſe with all of them upon all occaſions, if particular accidents had not upon ſome occaſions increaſed the ſupply of ſome of them in a ſtill greater proportion than the demand.

THE value of a free-ſtone quarry, for example, will neceſſarily increaſe with the increaſing improvement and population of the country round about it; eſpecially if it ſhould be the only one in the neighbourhood. But the value of a ſilver mine, even though there ſhould not be another within a thouſand miles of it, will not neceſſarily increaſe with the improvement of the country in which it is ſituated. The market for the produce of a free-ſtone quarry can ſeldom extend more than a few miles round about it, and the demand muſt generally

generally be in proportion to the improvement and population of that ſmall diſtrict. But the market for the produce of a ſilver mine may extend over the whole known world. Unleſs the world in general, therefore, be advancing in improvement and population, the demand for ſilver might not be at all increaſed by the improvement even of a large country in the neighbourhood of the mine. Even though the world in general were improving, yet, if, in the courſe of its improvements new mines ſhould be diſcovered, much more fertile than any which had been known before, though the demand for ſilver would neceſſarily increaſe, yet the ſupply might increaſe in ſo much a greater proportion, that the real price of that metal might gradually fall; that is, any given quantity, a pound weight of it, for example, might gradually purchaſe or command a ſmaller and a ſmaller quantity of labour, or exchange for a ſmaller and a ſmaller quantity of corn, the principal part of the ſubſiſtence of the labourer.

THE great market for ſilver is the commercial and civilized part of the world.

IF by the general progreſs of improvement the demand of this market ſhould increaſe, while at the ſame time the ſupply did not increaſe in the ſame proportion, the value of ſilver would gradually riſe in proportion to that of corn. Any given quantity of ſilver would exchange for a greater and a greater quantity of corn; or, in other words, the average money price of corn would gradually become cheaper and cheaper.

IF, on the contrary, the ſupply by ſome accident ſhould increaſe for many years together in a greater proportion than the demand, that metal would gradually become cheaper and cheaper; or, in other words, the average money price of corn would, in ſpite of all improvements, gradually become dearer and dearer.

BUT if, on the other hand, the ſupply of the metal ſhould increaſe nearly in the ſame proportion as the demand, it would continue to purchaſe or exchange for nearly the ſame quantity of corn, and the average money price of corn would, in ſpite of all improvements, continue very nearly the ſame.

THESE

These three ſeem to exhauſt all the poſſible combinations of events which can happen in the progreſs of improvement; and during the courſe of the four centuries preceding the preſent, if we may judge by what has happened both in France and Great Britain, each of thoſe three different combinations ſeem to have taken place in the European market, and nearly in the ſame order too in which I have here ſet them down.

Digreſſion concerning the Variations in the Value of Silver during the Courſe of the Four laſt Centuries.

First Period.

In 1350, and for ſome time before, the average price of the quarter of wheat in England ſeems not to have been eſtimated lower than four ounces of ſilver, Tower-weight, equal to about twenty ſhillings of our preſent money. From this price it ſeems to have fallen gradually to two ounces of ſilver, equal to about ten ſhillings of our preſent money, the price at which we find it eſtimated in the beginning of the ſixteenth century, and at which it ſeems to have continued to be eſtimated till about 1570.

In 1350, being the 25th of Edward III, was enacted what is called, The ſtatute of labourers. In the preamble it complains much of the inſolence of ſervants, who endeavoured to raiſe their wages upon their maſters. It therefore ordains, that all ſervants and labourers ſhould for the future be contented with the ſame wages and liveries (liveries in thoſe times ſignified, not only cloaths, but proviſions) which they had been accuſtomed to receive in the 20th year of the king, and the four preceding years; that upon this account their livery wheat ſhould no where be eſtimated higher than ten-pence a buſhel, and that it ſhould always be in the option of the maſter to deliver them either the wheat or the money. Ten-pence a buſhel, therefore, had in the 25th of Edward III, been reckoned a very moderate price of wheat, ſince it required a particular ſtatute to oblige ſervants to accept of it in exchange for

for their uſual livery of proviſions; and it had been reckoned a reaſonable price ten years before that, or in the 16th year of the king, the term to which the ſtatute refers. But in the 16th year of Edward III, ten-pence contained about half an ounce of ſilver, Tower-weight, and was nearly equal to half a crown of our preſent money. Four ounces of ſilver, Tower-weight, therefore, equal to ſix ſhillings and eight-pence of the money of thoſe times, and to near twenty ſhillings of that of the preſent, muſt have been reckoned a moderate price for the quarter of eight buſhels.

This ſtatute is ſurely a better evidence of what was reckoned in thoſe times a moderate price of grain, than the prices of ſome particular years which have generally been recorded by hiſtorians and other writers on account of their extraordinary dearneſs or cheapneſs, and from which, therefore, it is difficult to form any judgment concerning what may have been the ordinary price. There are, beſides, other reaſons for believing that in the beginning of the fourteenth century, and for ſome time before, the common price of wheat was no leſs than four ounces of ſilver the quarter, and that of other grain in proportion.

In 1309, Ralph de Born, prior of St. Auguſtine's, Canterbury, gave a feaſt upon his inſtallation-day, of which William Thorn has preſerved, not only the bill of fare, but the prices of many particulars. In that feaſt were conſumed, 1ſt, fifty-three quarters of wheat, which coſt nineteen pounds, or ſeven ſhillings and two-pence a quarter, equal to about one-and-twenty ſhillings and ſix-pence of our preſent money: 2dly, Fifty-eight quarters of malt, which coſt ſeventeen pounds ten ſhillings, or ſix ſhillings a quarter, equal to about eighteen ſhillings of our preſent money: 3dly, Twenty quarters of oats, which coſt four pounds, or four ſhillings a quarter, equal to about twelve ſhillings of our preſent money. The prices of malt and oats ſeem here to be higher than their ordinary proportion to the price of wheat.

These prices are not recorded on account of their extraordinary dearneſs or cheapneſs, but are mentioned accidentally as the prices actually paid for large quantities of grain conſumed at a feaſt which was famous for its magnificence.

In

In 1262, being the 51ſt of Henry III. was revived an antient ſtatute called, *The Aſſize of Bread and Ale*, which, the king ſays in the preamble, had been made in the times of his progenitors ſometime kings of England. It is probably, therefore, as old at leaſt as the time of his grandfather Henry II. and may have been as old as the conqueſt. It regulates the price of bread according as the prices of wheat may happen to be, from one ſhilling to twenty ſhillings the quarter of the money of thoſe times. But ſtatutes of this kind are generally preſumed to provide with equal care for all deviations from the middle price, for thoſe below it as well as for thoſe above it Ten ſhillings, therefore, containing ſix ounces of ſilver, Tower-weight, and equal to about thirty ſhillings of our preſent money, muſt, upon this ſuppoſition, have been reckoned the middle price of the quarter of wheat when this ſtatute was firſt enacted, and muſt have continued to be ſo in the 51ſt of Henry III. We cannot therefore be very wrong in ſuppoſing that the middle price was not leſs than one-third of the higheſt price at which this ſtatute regulates the price of bread, or than ſix ſhillings and eight-pence of the money of thoſe times, containing four ounces of ſilver, Tower-weight.

From theſe different facts, therefore, we ſeem to have ſome reaſon to conclude, that about the middle of the fourteenth century, and for a conſiderable time before, the average or ordinary price of the quarter of wheat was not ſuppoſed to be leſs than four ounces of ſilver, Tower-weight.

From about the middle of the fourteenth to the beginning of the ſixteenth century, what was reckoned the reaſonable and moderate, that is the ordinary or average price of wheat, ſeems to have ſunk gradually to about one-half of this price; ſo as at laſt to have fallen to about two ounces of ſilver, Tower-weight, equal to about ten ſhillings of our preſent money. It continued to be eſtimated at this price till about 1570.

In the houſhold book of Henry, the fifth earl of Northumberland, drawn up in 1512, there are two different eſtimations of wheat. In one of them it is computed at ſix ſhillings and eight-pence the quarter, in the other at five ſhillings and eight-pence only. In 1512, ſix ſhillings and eight-pence contained

contained only two ounces of ſilver Tower-weight, and were equal to about ten ſhillings of our preſent money.

From the 25th of Edward III. to the beginning of the reign of Elizabeth, during the ſpace of more than two hundred years, ſix ſhillings and eight-pence, it appears from ſeveral different ſtatutes, had continued to be conſidered as what is called the moderate and reaſonable, that is the ordinary or average price of wheat. The quantity of ſilver, however, contained in that nominal ſum was, during the courſe of this period, continually diminiſhing, in conſequence of ſome alterations which were made in the coin. But the increaſe of the value of ſilver had, it ſeems, ſo far compenſated the diminution of the quantity of it contained in the ſame nominal ſum, that the legiſlature did not think it worth while to attend to this circumſtance.

Thus in 1436, it was enacted, that wheat might be exported without a licence when the price was ſo low as ſix ſhillings and eight-pence: And in 1463 it was enacted, that no wheat ſhould be imported if the price was not above ſix ſhillings and eight-pence the quarter. The legiſlature had imagined, that when the price was ſo low, there could be no inconveniency in exportation, but that when it roſe higher, it became prudent to allow of importation. Six ſhillings and eight-pence, therefore, containing about the ſame quantity of ſilver as thirteen ſhillings and four-pence of our preſent money (one third part leſs than the ſame nominal ſum contained in the time of Edward III.), had in thoſe times been conſidered as what is called the moderate and reaſonable price of wheat.

In 1554, by the 1ſt and 2d of Philip and Mary; and in 1558, by the 1ſt of Elizabeth, the exportation of wheat was in the ſame manner prohibited, whenever the price of the quarter ſhould exceed ſix ſhillings and eight-pence, which did not then contain two penny worth more ſilver than the ſame nominal ſum does at preſent. But it had ſoon been found that to reſtrain the exportation of wheat till the price was ſo very low, was, in reality, to prohibit it altogether. In 1562, therefore, by the 5th of Elizabeth, the exportation of wheat was allowed from certain ports whenever the price of the quarter ſhould not exceed ten ſhillings, containing nearly the ſame quantity of ſilver as the like nominal ſum does at preſent.

This

This price had at this time, therefore, been considered as what is called the moderate and reasonable price of wheat. It agrees nearly with the estimation of the Northumberland book in 1512.

That in France the average price of grain was, in the same manner, much lower in the end of the fifteenth and beginning of the sixteenth century, than in the two centuries preceding, has been observed both by Mr. Dupre de St. Maur, and by the elegant author of the essay on the police of grain. Its price, during the same period, had probably sunk in the same manner through the greater part of Europe.

This rise in the value of silver in proportion to that of corn, may either have been owing altogether to the increase of the demand for that metal, in consequence of increasing improvement and cultivation, the supply in the mean time continuing the same as before: Or, the demand continuing the same as before, it may have been owing altogether to the gradual diminution of the supply; the greater part of the mines which were then known in the world, being much exhausted, and consequently the expence of working them much increased: Or it may have been owing partly to the one and partly to the other of those two circumstances. In the end of the fifteenth and beginning of the sixteenth centuries, the greater part of Europe was approaching towards a more settled form of government than it had enjoyed for several ages before. The increase of security would naturally increase industry and improvement; and the demand for the precious metals, as well as for every other luxury and ornament, would naturally increase with the increase of riches. A greater annual produce would require a greater quantity of coin to circulate it; and a greater number of rich people would require a greater quantity of plate and other ornaments of silver. It is natural to suppose too, that the greater part of the mines which then supplied the European market with silver, might be a good deal exhausted, and have become more expensive in the working. They had been wrought many of them from the time of the Romans.

It has been the opinion, however, of the greater part of those who have written upon the prices of commodities in antient times, that, from the Conquest, perhaps from the invasion

invaſion of Julius Cæſar till the diſcovery of the mines of America, the value of ſilver was continually diminiſhing. This opinion they ſeem to have been led into, partly by the obſervations which they had occaſion to make upon the prices both of corn and of ſome other parts of the rude produce of land; and partly by the popular notion, that as the quantity of ſilver naturally increaſes in every country with the increaſe of wealth, ſo its value diminiſhes as its quantity increaſes.

In their obſervations upon the prices of corn, three different circumſtances ſeem frequently to have miſled them.

First, In antient times almoſt all rents were paid in kind; in a certain quantity of corn, cattle, poultry, &c. It ſometimes happened, however, that the landlord would ſtipulate, that he ſhould be at liberty to demand of the tenant, either the annual payment in kind, or a certain ſum of money inſtead of it. The price at which the payment in kind was in this manner exchanged for a certain ſum of money, is in Scotland called the converſion price. As the option is always in the landlord to take either the ſubſtance or the price, it is neceſſary for the ſafety of the tenant, that the converſion price ſhould rather be below than above the average market price. In many places, accordingly, it is not much above one-half of this price. Through the greater part of Scotland this cuſtom ſtill continues with regard to poultry, and in ſome places with regard to cattle. It might probably have continued to take place too with regard to corn, had not the inſtitution of the public fiars put an end to it. Theſe are annual valuations, according to the judgment of an aſſize, of the average price of all the different ſorts of grain, and of all the different qualities of each, according to the actual market price in every different county. This inſtitution rendered it ſufficiently ſafe for the tenant, and much more convenient for the landlord, to convert, as they call it, the corn rent, rather at what ſhould happen to be the price of the fiars of each year, than at any certain fixed price. But the writers who have collected the prices of corn in antient times, ſeem frequently to have miſtaken what is called in Scotland the converſion price for the actual market price. Fleetwood acknowledges, upon one occaſion, that he had made this miſtake. As he wrote his book, however, for a particular purpoſe, he does not think proper to make this acknowledgment till after tranſcribing

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transcribing this conversion price fifteen times. The price is eight shillings the quarter of wheat. This sum in 1423, the year at which he begins with it, contained the same quantity of silver as sixteen shillings of our present money. But in 1562, the year at which he ends with it, it contained no more than the same nominal sum does at present.

SECONDLY, They have been misled by the slovenly manner in which some antient statutes of assize had been sometimes transcribed by lazy copiers; and sometimes perhaps actually composed by the legislature.

THE antient statutes of assize seem to have begun always with determining what ought to be the price of bread and ale when the price of wheat and barley were at the lowest, and to have proceeded gradually to determine what it ought to be, according as the prices of those two sorts of grain should gradually rise above this lowest price. But the transcribers of those statutes seem frequently to have thought it sufficient, to copy the regulation as far as the three or four first and lowest prices; saving in this manner their own labour, and judging, I suppose, that this was enough to shew what proportion ought to be observed in all higher prices.

THUS in the assize of bread and ale, of the 51st of Henry III. the price of bread was regulated according to the different prices of wheat, from one shilling to twenty shillings the quarter, of the money of those times. But in the manuscripts from which all the different editions of the statutes, preceding that of Mr. Ruffhead, were printed, the copiers had never transcribed this regulation beyond the price of twelve shillings. Several writers, therefore, being misled by this faulty transcription, very naturally concluded that the middle price, or six shillings the quarter, equal to about eighteen shillings of our present money, was the ordinary or average price of wheat at that time.

IN the statute of Tumbrel and Pillory, enacted nearly about the same time, the price of ale is regulated according to every sixpence rise in the price of barley, from two shillings to four shillings the quarter. That four shillings, however, was not considered as the highest price to which barley might frequently rise in those times, and that these prices were only given as an example of the proportion which ought to be observed

ſerved in all other prices, whether higher or lower, we may infer from the laſt words of the ſtatute; "et ſic deinceps "creſcetur vel diminuetur per ſex denarios." The expreſſion is very ſlovenly, but the meaning is plain enough; "That "the price of ale is in this manner to be increaſed or dimi-"niſhed according to every ſixpence riſe or fall in the price "of barley." In the compoſition of this ſtatute the legiſlature itſelf ſeems to have been as negligent as the copiers were in the tranſcription of the other.

In an antient manuſcript of the Regiam Majeſtatem, an old Scotch law book, there is a ſtatute of aſſize, in which the price of bread is regulated according to all the different prices of wheat, from ten-pence to three ſhillings the Scotch boll, equal to about half an Engliſh quarter. Three ſhillings Scotch, at the time when this aſſize is ſuppoſed to have been enacted, were equal to about nine ſhillings ſterling of our preſent money. Mr. Ruddiman ſeems * to conclude from this, that three ſhillings was the higheſt price to which wheat ever roſe in thoſe times, and that ten-pence, a ſhilling, or at moſt two ſhillings, were the ordinary prices. Upon conſulting the manuſcript, however, it appears evidently, that all theſe prices are only ſet down as examples of the proportion which ought to be obſerved between the reſpective prices of wheat and bread. The laſt words of the ſtatute are, "reliqua judicabis "ſecundum præſcripta habendo reſpectum ad pretium bladi." "You ſhall judge of the remaining caſes according to what "is above written having a reſpect to the price of corn."

Thirdly, They ſeem to have been miſled too by the very low price at which wheat was ſometimes ſold in very antient times; and to have imagined, that as its loweſt price was then much lower than in later times, its ordinary price muſt likewiſe have been much lower. They might have found, however, that in thoſe antient times, its higheſt price was fully as much above as its loweſt price was below any thing that had ever been known in later times. Thus in 1270, Fleetwood gives us two prices of the quarter of wheat. The one is four pounds ſixteen ſhillings of the money of thoſe times, equal to fourteen pounds eight ſhillings of that of the preſent; the other is ſix pounds eight ſhillings, equal to nineteen pounds four ſhillings of our preſent money. No price can be found in the end of the fifteenth,

* See his preface to Anderſon's Diplomata Scotiæ.

teenth, or beginning of the ſixteenth century, which approaches to the extravagance of theſe. The price of corn, though at all times liable to variations, varies moſt in thoſe turbulent and diſorderly ſocieties, in which the interruption of all commerce and communication hinders the plenty of one part of the country from relieving the ſcarcity of another. In the diſorderly ſtate of England under the Plantagenets, who governed it from about the middle of the twelfth, till towards the end of the fifteenth century, one diſtrict might be in plenty, while another at no great diſtance, by having its crop deſtroyed either by ſome accident of the ſeaſons, or by the incurſion of ſome neighbouring baron, might be ſuffering all the horrors of a famine; and yet if the lands of ſome hoſtile lord were interpoſed between them, the one might not be able to give the leaſt aſſiſtance to the other. Under the vigorous adminiſtration of the Tudors, who governed England during the latter part of the fifteenth, and through the whole of the ſixteenth century, no baron was powerful enough to dare to diſturb the public ſecurity.

The reader will find at the end of this chapter all the prices of wheat which have been collected by Fleetwood from 1202 to 1597, both incluſive, reduced to the money of the preſent times, and digeſted according to the order of time, into ſeven diviſions of twelve years each. At the end of each diviſion too, he will find the average price of the twelve years of which it conſiſts. In that long period of time, Fleetwood has been able to collect the prices of no more than eighty years, ſo that four years are wanting to make out the laſt twelve years. I have added, therefore, from the accounts of Eton College, the prices of 1598, 1599, 1600, and 1601. It is the only addition which I have made. The reader will ſee that from the beginning of the thirteenth, till after the middle of the ſixteenth century, the average price of each twelve years grows gradually lower and lower; and that towards the end of the ſixteenth century it begins to riſe again. The prices, indeed, which Fleetwood has been able to collect, ſeem to have been thoſe chiefly which were remarkable for extraordinary dearneſs or cheapneſs; and I do not pretend that any very certain concluſion can be drawn from them. So far, however, as they prove any thing at all, they confirm the account which I have been endeavouring to give. Fleetwood himſelf, however, ſeems, with moſt other writers, to have believed, that during all this period the value of ſilver, in

in consequence of its increasing abundance, was continually diminishing. The prices of corn which he himself has collected, certainly do not agree with this opinion. They agree perfectly with that of Mr. Duprè de St. Maur, and with that which I have been endeavouring to explain. Bishop Fleetwood and Mr. Duprè de St. Maur are the two authors who seem to have collected, with the greatest diligence and fidelity, the prices of things in antient times. It is somewhat curious that, though their opinions are so very different, their facts, so far as they relate to the price of corn at least, should coincide so very exactly.

It is not, however, so much from the low price of corn, as from that of some other parts of the rude produce of land, that the most judicious writers have inferred the great value of silver in those very antient times. Corn, it has been said, being a sort of manufacture, was, in those rude ages, much dearer in proportion than the greater part of other commodities; it is meant, I suppose, than the greater part of unmanufactured commodities; such as cattle, poultry, game of all kinds, &c. That in those times of poverty and barbarism these were proportionably much cheaper than corn, is undoubtedly true. But this cheapness was not the effect of the high value of silver, but of the low value of those commodities. It was not because silver would in such times purchase or represent a greater quantity of labour, but because such commodities would purchase or represent a much smaller quantity than in times of more opulence and improvement. Silver must certainly be cheaper in Spanish America than in Europe; in the country where it is produced, than in the country to which it is brought, at the expence of a long carriage both by land and by sea, of a freight and an insurance. One-and-twenty pence halfpenny sterling, however, we are told by Ulloa, was, not many years ago, at Buenos Ayres, the price of an ox chosen from a herd of three or four hundred. Sixteen shillings sterling, we are told by Mr. Byron, was the price of a good horse in the capital of Chili. In a country naturally fertile, but of which the far greater part is altogether uncultivated, cattle, poultry, game of all kinds, &c. as they can be acquired with a very small quantity of labour, so they will purchase or command but a very small quantity. The low money price for which they may be sold, is no proof that the real value of silver is there very high, but the real value of those commodities is very low.

Labour,

LABOUR, it muſt always be remembered, and not any particular commodity or ſett of commodities, is the real meaſure of the value both of ſilver and of all other commodities.

But in countries almoſt waſte, or but thinly inhabited, cattle, poultry, game of all kinds, &c. as they are the ſpontaneous productions of nature, ſo ſhe frequently produces them in much greater quantities than the conſumption of the inhabitants requires. In ſuch a ſtate of things the ſupply commonly exceeds the demand. In different ſtates of ſociety, in different ſtages of improvement, therefore, ſuch commodities will repreſent, or be equivalent to, very different quantities of labour.

IN every ſtate of ſociety, in every ſtage of improvement, corn is the production of human induſtry. But the average produce of every ſort of induſtry is always ſuited, more or leſs exactly, to the average conſumption; the average ſupply to the average demand. In every different ſtage of improvement, beſides, the raiſing of equal quantities of corn in the ſame ſoil and climate, will, at an average, require nearly equal quantities of labour; or what comes to the ſame thing, the price of nearly equal quantities; the continual increaſe of the productive powers of labour in an improving ſtate of cultivation, being more or leſs counter-balanced by the continually increaſing price of cattle, the principal inſtruments of agriculture. Upon all theſe accounts, therefore, we may reſt aſſured, that equal quantities of corn will, in every ſtate of ſociety, in every ſtage of improvement, more nearly repreſent, or be equivalent to, equal quantities of labour, than equal quantities of any other part of the rude produce of land. Corn, accordingly, it has already been obſerved, is, in all the different ſtages of wealth and improvement, a more accurate meaſure of value than any other commodity or ſett of commodities. In all thoſe different ſtages, therefore, we can judge better of the real value of ſilver, by comparing it with corn, than by comparing it with any other commodity, or ſett of commodities.

CORN, beſides, or whatever elſe is the common and favourite vegetable food of the people, conſtitutes, in every civilized country, the principal part of the ſubſiſtence of the labourer. In conſequence of the extenſion of agriculture, the land

land of every country produces a much greater quantity of vegetable than of animal food, and the labourer every where lives chiefly upon the wholesome food that is cheapest and most abundant. Butcher's-meat, except in the most thriving countries, or where labour is most highly rewarded, makes but an insignificant part of his subsistence: poultry makes a still smaller part of it, and game no part of it. In France, and even in Scotland, where labour is somewhat better rewarded than in France, the labouring poor seldom eat butcher's-meat, except upon holidays, and other extraordinary occasions. The money price of labour, therefore depends much more upon the average money price of corn, the subsistence of the labourer, than upon that of butcher's-meat, or of any other part of the rude produce of land. The real value of gold and silver, therefore, the real quantity of labour which they can purchase or command, depends much more upon the quantity of corn which they can purchase or command, than upon that of butcher's-meat, or any other part of the rude produce of land.

Such slight observations, however, upon the prices either of corn or of other commodities, would not probably have misled so many intelligent authors, had they not been influenced, at the same time, by the popular notion, that as the quantity of silver naturally increases in every country with the increase of wealth, so its value diminishes as its quantity increases. This notion, however, seems to be altogether groundless.

The quantity of the precious metals may increase in any country from two different causes: either, first, from the increased abundance of the mines which supply it; or, secondly, from the increased wealth of the people, from the increased produce of their annual labour. The first of these causes is no doubt necessarily connected with the diminution of the value of the precious metals; but the second is not.

When more abundant mines are discovered, a greater quantity of the precious metals is brought to market, and the quantity of the necessaries and conveniencies of life for which they must be exchanged being the same as before, equal quantities of the metals must be exchanged for smaller quantities of commodities. So far, therefore, as the increase of the quantity of the precious metals in any country arises from the

increaſed abundance of the mines, it is neceſſarily connected with ſome diminution of their value.

When, on the contrary, the wealth of any country increaſes, when the annual produce of its labour becomes gradually greater and greater, a greater quantity of coin becomes neceſſary in order to circulate a greater quantity of commodities; and the people, as they can afford it, as they have more commodities to give for it, will naturally purchaſe a greater and a greater quantity of plate. The quantity of their coin will increaſe from neceſſity; the quantity of their plate from vanity and oſtentation, or from the ſame reaſon that the quantity of fine ſtatues, pictures, and of every other luxury and curioſity, is likely to increaſe among them. But as ſtatuaries and painters are not likely to be worſe rewarded in times of wealth and proſperity, than in times of poverty and depreſſion, ſo gold and ſilver are not likely to be worſe paid for.

The price of gold and ſilver, when the accidental diſcovery of more abundant mines does not keep it down, as it naturally riſes with the wealth of every country, ſo whatever be the ſtate of the mines, it is at all times naturally higher in a rich than in a poor country. Gold and ſilver, like all other commodities, naturally ſeek the market where the beſt price is given for them, and the beſt price is commonly given for every thing in the country which can beſt afford it. Labour, it muſt be remembered, is the ultimate price which is paid for every thing, and in countries where labour is equally well rewarded, the money price of labour will be in proportion to that of the ſubſiſtence of the labourer. But gold and ſilver will naturally exchange for a greater quantity of ſubſiſtence in a rich than in a poor country, in a country which abounds with ſubſiſtence, than in one which is but indifferently ſupplied with it. If the two countries are at a great diſtance, the difference may be very great; becauſe though the metals naturally fly from the worſe to the better market, yet it may be difficult to tranſport them in ſuch quantities as to bring their price nearly to a level in both. If the countries are near, the difference will be ſmaller, and may ſometimes be ſcarce perceptible; becauſe in this caſe the tranſportation will be eaſy. China is a much richer country than any part of Europe, and the difference between the price of ſubſiſtence in China and in Europe is very great. Rice in China is much cheaper than wheat is any where in Europe. England is a much richer

country

country than Scotland; but the difference between the money-price of corn in thoſe two countries is much ſmaller, and is but juſt perceptible. In proportion to the quantity or meaſure, Scotch corn generally appears to be a good deal cheaper than Engliſh; but in proportion to its quality, it is certainly ſomewhat dearer. Scotland receives almoſt every year very large ſupplies from England, and every commodity muſt commonly be ſomewhat dearer in the country to which it is brought than in that from which it comes. Engliſh corn, therefore, muſt be dearer in Scotland than in England, and yet in proportion to its quality, or to the quantity and goodneſs of the flour or meal which can be made from it, it cannot commonly be ſold higher there than the Scotch corn which comes to market in competition with it.

THE difference between the money price of labour in China and in Europe, is ſtill greater than that between the money price of ſubſiſtence; becauſe the real recompence of labour is higher in Europe, than in China, the greater part of Europe being in an improving ſtate, while China ſeems to be ſtanding ſtill. The money price of labour is lower in Scotland than in England becauſe the real recompence of labour is much lower; Scotland, though advancing to greater wealth, advancing much more ſlowly than England. The frequency of emigration from Scotland, and the rarity of it from England, ſufficiently prove that the demand for labour is very different in the two countries. The proportion between the real recompence of labour in different countries, it muſt be remembered, is naturally regulated, not by their actual wealth or poverty, but by their advancing, ſtationary, or declining condition.

GOLD and ſilver, as they are naturally of the greateſt value among the richeſt, ſo they are naturally of the leaſt value among the pooreſt nations. Among ſavages, the pooreſt of all nations, they are of ſcarce any value.

IN great towns corn is always dearer than in remote parts of the country. This, however, is the effect, not of the real cheapneſs of ſilver, but of the real dearneſs of corn. It does not coſt leſs labour to bring ſilver to the great town than to the remote parts of the country; but it coſts a great deal more to bring corn.

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In ſome very rich and commercial countries, ſuch as Holland and the territory of Genoa, corn is dear for the ſame reaſon that it is dear in great towns. They do not produce enough to maintain their inhabitants. They are rich in the induſtry and ſkill of their artificers and manufacturers; in every ſort of machinery which can facilitate and abridge labour; in ſhipping, and in all the other inſtruments and means of carriage and commerce: but they are poor in corn, which, as it muſt be brought to them from diſtant countries, muſt, by an addition to its price, pay for the carriage from thoſe countries. It does not coſt leſs labour to bring ſilver to Amſterdam than to Dantzick; but it coſts a great deal more to bring corn. The real coſt of ſilver muſt be nearly the ſame in both places; but that of corn muſt be very different. Diminiſh the real opulence either of Holland or of the territory of Genoa, while the number of their inhabitants remains the ſame: diminiſh their power of ſupplying themſelves from diſtant countries; and the price of corn, inſtead of ſinking with that diminution in the quantity of their ſilver, which muſt neceſſarily accompany this declenſion either as its cauſe or as its effect, will riſe to the price of a famine. When we are in want of neceſſaries we muſt part with all ſuperfluities, of which the value, as it riſes in times of opulence and proſperity, ſo it ſinks in times of poverty and diſtreſs. It is otherwiſe with neceſſaries. Their real price, the quantity of labour which they can purchaſe or command, riſes in times of poverty and diſtreſs, and ſinks in times of opulence and proſperity, which are always times of great abundance; for they could not otherwiſe be times of opulence and proſperity. Corn is a neceſſary, ſilver is only a ſuperfluity.

Whatever, therefore, may have been the increaſe in the quantity of the precious metals, which, during the period between the middle of the fourteenth and that of the ſixteenth century, aroſe from the increaſe of wealth and improvement, it could have no tendency to diminiſh their value either in Great Britain, or in any other part of Europe. If thoſe who have collected the prices of things in ancient times, therefore, had, during this period, no reaſon to infer the diminution of the value of ſilver, from any obſervations which they had made upon the prices either of corn or of other commodities, they had ſtill leſs reaſon to infer it from any ſuppoſed increaſe of wealth and improvement.

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SECOND PERIOD.

BUT how various ſoever may have been the opinions of the learned concerning the progreſs of the value of ſilver during this firſt period, they are unanimous concerning it during the ſecond.

FROM about 1570 to about 1640, during a period of about ſeventy years, the variation in the proportion between the value of ſilver and that of corn, held a quite oppoſite courſe. Silver ſunk in its real value, or would exchange for a ſmaller quantity of labour than before; and corn roſe in its nominal price, and inſtead of being commonly ſold for about two ounces of ſilver the quarter, or about ten ſhillings of our preſent money, came to be ſold for ſix and eight ounces of ſilver the quarter, or about thirty and forty ſhillings of our preſent money.

THE diſcovery of the abundant mines of America, ſeems to have been the ſole cauſe of this diminution in the value of ſilver in proportion to that of corn. It is accounted for accordingly in the ſame manner by every body; and there never has been any diſpute either about the fact, or about the cauſe of it. The greater part of Europe was, during this period, advancing in induſtry and improvement, and the demand for ſilver muſt conſequently have been increaſing. But the increaſe of the ſupply had, it ſeems, ſo far exceeded that of the demand, that the value of that metal ſunk conſiderably. The diſcovery of the mines of America, it is to be obſerved, does not ſeem to have had any very ſenſible effect upon the prices of things in England till after 1570; though even the mines of Potoſi had been diſcovered more than twenty years before.

FROM 1595 to 1620, both incluſive, the average price of the quarter of nine buſhels of the beſt wheat at Windſor market, appears from the accounts of Eton College, to have been 2*l.* 1*s.* 6*d.*$\frac{2}{5}$. From which ſum, neglecting the fraction, and deducting a ninth, or 4*s.* 7*d.*$\frac{1}{9}$, the price of the quarter

quarter of eight bushels comes out to have been 1*l.* 16*s.* 10*d.* $\frac{2}{3}$. And from this sum, neglecting likewise the fraction, and deducting a ninth, or 4*s.* 1*d.* $\frac{1}{2}$, for the difference between the price of the best wheat and that of the middle wheat, the price of the middle wheat comes out to have been about 1*l.* 12*s.* 8*d.* $\frac{8}{9}$, or about six ounces and one-third of an ounce of silver.

From 1621 to 1636, both inclusive, the average price of the same measure of the best wheat at the same market, appears, from the same accounts, to have been 2*l.* 10*s.*; from which making the like deductions as in the foregoing case, the average price of the quarter of eight bushels of middle wheat comes out to have been 1*l.* 19*s.* 6*d.* or about seven ounces and two-thirds of an ounce of silver.

THIRD PERIOD.

Between 1630 and 1640, or about 1636, the effect of the discovery of the mines of America in reducing the value of silver, appears to have been compleated, and the value of that metal seems never to have sunk lower in proportion to that of corn than it was about that time. It seems to have risen somewhat in the course of the present century, and it had probably begun to do so even some time before the end of the last.

From 1637 to 1700, both inclusive, being the sixty-four last years of the last century, the average price of the quarter of nine bushels of the best wheat at Windsor market, appears, from the same accounts, to have been 2*l.* 11*s.* 0*d.* $\frac{1}{2}$; which is only 1*s.* 0*d.* $\frac{1}{2}$ dearer than it had been during the sixteen years before. But in the course of these sixty-four years there happened two events which must have produced a much greater scarcity of corn than what the course of the seasons would otherwise have occasioned, and which, therefore, without supposing any further reduction in the value of silver, will much more than account for this very small enhancement of price.

The

THE firſt of theſe events was the civil war, which, by diſcouraging tillage and interrupting commerce, muſt have raiſed the price of corn much above what the courſe of the ſeaſons would otherwiſe have occaſioned. It muſt have had this effect more or leſs at all the different markets in the kingdom, but particularly at thoſe in the neighbourhood of London, which require to be ſupplied from the greateſt diſtance. In 1648, accordingly, the price of the beſt wheat at Windſor market, appears, from the ſame accounts, to have been 4*l.* 5*s.* and in 1649 to have been 4*l.* the quarter of nine buſhels. The exceſs of thoſe two years above 2*l.* 10*s.* (the average price of the ſixteen years preceding 1637) is 3*l.* 5*s.*; which divided among the ſixty-four laſt years of the laſt century, will alone very nearly account for that ſmall enhancement of price which ſeems to have taken place in them. Theſe, however, though the higheſt, are by no means the only high prices which ſeem to have been occaſioned by the civil wars.

The ſecond event was the bounty upon the exportation of corn, granted in 1688. The bounty, it has been thought by many people, by encouraging tillage, may, in a long courſe of years, have occaſioned a greater abundance, and conſequently a greater cheapneſs of corn in the home-market, than what would otherwiſe have taken place there. How far the bounty could produce this effect at any time, I ſhall examine hereafter; I ſhall only obſerve at preſent, that between 1688 and 1700, it had not time to produce any ſuch effect. During this ſhort period its only effect muſt have been, by encouraging the exportation of the ſurplus produce of every year, and thereby hindering the abundance of one year from compenſating the ſcarcity of another, to raiſe the price in the home-market. The ſcarcity which prevailed in England from 1693 to 1699, both incluſive, though no doubt principally owing to the badneſs of the ſeaſons, and, therefore, extending through a conſiderable part of Europe, muſt have been ſomewhat enhanced by the bounty. In 1699, accordingly, the further exportation of corn was prohibited for nine months.

THERE was a third event which occurred in the courſe of the ſame period, and which, though it could not occaſion any ſcarcity of corn, nor, perhaps, any augmentation in the real quantity of ſilver which was uſually paid for it, muſt neceſſarily

fily have occaſioned ſome augmentation in the nominal ſum. This event was the great debaſement of the ſilver coin, by clipping and wearing. This evil had begun in the reign of Charles II. and had gone on continually increaſing till 1695; at which time, as we may learn from Mr. Lowndes, the current ſilver coin was, at an average, near five-and-twenty per cent. below its ſtandard value. But the nominal ſum which conſtitutes the market price of every commodity is neceſſarily regulated, not ſo much by the quantity of ſilver, which, according to the ſtandard, ought to be contained in it, as by that which, it is found by experience, actually is contained in it. This nominal ſum, therefore, is neceſſarily higher when the coin is much debaſed by clipping and wearing, than when near to its ſtandard value.

In the courſe of the preſent century, the ſilver coin has not at any time been more below its ſtandard weight than it is at preſent. But though very much defaced, its value has been kept up by that of the gold coin for which it is exchanged. For though before the late re-coinage, the gold coin was a good deal defaced too, it was leſs ſo than the ſilver. In 1695, on the contrary, the value of the ſilver coin was not kept up by the gold coin; a guinea then commonly exchanging for thirty ſhillings of the worn and clipt ſilver. Before the late re-coinage of the gold, the price of ſilver bullion was ſeldom higher than five ſhillings and ſeven-pence an ounce, which is but five-pence above the mint price. But in 1695, the common price of ſilver bullion was ſix ſhillings and five-pence an ounce *, which is fifteen-pence above the mint-price. Even before the late re-coinage of the gold, therefore, the coin, gold and ſilver together, when compared with ſilver bullion, was not ſuppoſed to be more than eight per cent. below its ſtandard value. In 1695, on the contrary, it had been ſuppoſed to be near five-and twenty per cent. below that value. But in the beginning of the preſent century, that is, immediately after the great re-coinage in King William's time, the greater part of the current ſilver coin muſt have been ſtill nearer to its ſtandard weight than it is at preſent. In the courſe of the preſent century too there has been no great public calamity, ſuch as the civil war, which could either diſcourage tillage, or interrupt the interior commerce of the country. And though the bounty which has taken place through

* Lowndes's Eſſay on the Silver Coin, p. 68.

through the greater part of this century, muſt always raiſe the price of corn ſomewhat higher than it otherwiſe would be in the actual ſtate of tillage; yet as, in the courſe of this century, the bounty has had full time to produce all the good effects commonly imputed to it, to encourage tillage, and thereby to increaſe the quantity of corn in the home market, it may, upon the principles of a ſyſtem which I ſhall explain and examine hereafter, be ſuppoſed to have done ſomething to lower the price of that commodity the one way, as well as to raiſe it the other. It is by many people ſuppoſed to have done more. In the ſixty-four firſt years of the preſent century accordingly, the average price of the quarter of nine buſhels of the beſt wheat at Windſor market, appears, by the accounts of Eton College, to have been 2*l.* 0*s.* 6*d.* $\frac{12}{21}$, which is about ten ſhillings and ſixpence, or more than five-and-twenty per cent. cheaper than it had been during the ſixty-four laſt years of the laſt century; and about nine ſhillings and ſixpence cheaper than it had been during the ſixteen years preceding 1636, when the diſcovery of the abundant mines of America may be ſuppoſed to have produced its full effect; and about one ſhilling cheaper than it had been in the twenty-ſix years preceding 1620, before that diſcovery can well be ſuppoſed to have produced its full effect. According to this account, the average price of middle wheat, during theſe ſixty-four firſt years of the preſent century, comes out to have been about thirty-two ſhillings the quarter of eight buſhels.

THE value of ſilver, therefore, ſeems to have riſen ſomewhat in proportion to that of corn during the courſe of the preſent century, and it had probably begun to do ſo even ſome time before the end of the laſt.

IN 1687, the price of the quarter of nine buſhels of the beſt wheat at Windſor market was 1*l.* 5*s.* 2*d.* the loweſt price at which it had ever been from 1595.

IN 1688, Mr. Gregory King, a man famous for his knowledge in matters of this kind, eſtimated the average price of wheat in years of moderate plenty to be to the grower 3*s.* 6*d.* the buſhel, or eight-and-twenty ſhillings the quarter. The grower's price I underſtand to be the ſame with what is ſometimes called the contract price, or the price at which a farmer contracts for a certain number of years to deliver a certain quantity

quantity of corn to a dealer. As a contract of this kind saves the farmer the expence and trouble of marketing, the contract price is generally lower than what is supposed to be the average market price. Mr. King had judged eight-and-twenty shillings the quarter to be at that time the ordinary contract price in years of moderate plenty. Before the scarcity occasioned by the late extraordinary course of bad seasons, it was, I have been assured, the ordinary contract price in all common years.

In 1688 was granted the parliamentary bounty upon the exportation of corn. The country gentlemen, who then composed a still greater proportion of the legislature than they do at present, had felt that the money price of corn was falling. The bounty was an expedient to raise it artificially to the high price at which it had frequently been sold in the times of Charles I. and II. It was to take place, therefore, till wheat was so high as forty-eight shillings the quarter; that is twenty shillings, or $\frac{5}{12}$ths dearer than Mr. King had in that very year estimated the grower's price to be in times of moderate plenty. If his calculations deserve any part of the reputation which they have obtained very universally, eight-and-forty shillings the quarter was a price which, without some such expedient as the bounty, could not at that time be expected, except in years of extraordinary scarcity. But the government of King William was not then fully settled. It was in no condition to refuse any thing to the country gentlemen, from whom it was at that very time soliciting the first establishment of the annual land-tax.

The value of silver, therefore, in proportion to that of corn, had probably risen somewhat before the end of the last century; and it seems to have continued to do so during the course of the greater part of the present; though the necessary operation of the bounty must have hindered that rise from being so sensible as it otherwise would have been in the actual state of tillage.

In plentiful years the bounty, by occasioning an extraordinary exportation, necessarily raises the price of corn above what it otherwise would be in those years. To encourage tillage, by keeping up the price of corn even in the most plentiful years, was the avowed end of the institution.

In

In years of great ſcarcity, indeed, the bounty has generally been ſuſpended. It muſt, however, have had ſome effect even upon the prices of many of thoſe years. By the extraordinary exportation which it occaſions in years of plenty, it muſt frequently hinder the plenty of one year from compenſating the ſcarcity of another.

Both in years of plenty, and in years of ſcarcity, therefore, the bounty raiſes the price of corn above what it naturally would be in the actual ſtate of tillage. If, during the ſixty-four firſt years of the preſent century, therefore, the average price has been lower than during the ſixty-four laſt years of the laſt century, it muſt, in the ſame ſtate of tillage, have been much more ſo, had it not been for this operation of the bounty.

But without the bounty, it may be ſaid, the ſtate of tillage would not have been the ſame. What may have been the effects of this inſtitution upon the agriculture of the country, I ſhall endeavour to explain hereafter, when I come to treat particularly of bounties. I ſhall only obſerve at preſent, that this riſe in the value of ſilver, in proportion to that of corn, has not been peculiar to England. It has been obſerved to have taken place in France during the ſame period, and nearly in the ſame proportion too, by three very faithful, diligent, and laborious collectors of the prices of corn, Mr. Duprè de St. Maur, Mr. Meſſance, and the author of the Eſſay on the police of grain. But in France, till 1764, the exportation of grain was by law prohibited; and it is ſomewhat difficult to ſuppoſe, that nearly the ſame diminution of price which took place in one country, notwithſtanding this prohibition, ſhould in another be owing to the extraordinary encouragement given to exportation.

It would be more proper, perhaps, to conſider this variation in the average money price of corn as the effect rather of ſome gradual riſe in the real value of ſilver in the European market, than of any fall in the real average value of corn. Corn, it has already been obſerved, is at diſtant periods of time a more accurate meaſure of value than either ſilver, or perhaps any other commodity. When, after the diſcovery of the abundant mines of America, corn roſe to three and four times its former money price, this change was univerſally aſcribed, not to any riſe in the real value of corn, but to a fall

fall in the real value of silver. If during the sixty-four first years of the present century, therefore, the average money price of corn has fallen somewhat below what it had been during the greater part of the last century, we should in the same manner impute this change, not to any fall in the real value of corn, but to some rise in the real value of silver in the European market.

THE high price of corn during these ten or twelve years past indeed, has occasioned a suspicion that the real value of silver still continues to fall in the European market. This high price of corn, however, seems evidently to have been the effect of the extraordinary unfavourableness of the seasons, and ought therefore to be regarded, not as a permanent, but as a transitory and occasional event. The seasons for these ten or twelve years past have been unfavourable through the greater part of Europe; and the disorders of Poland have very much increased the scarcity in all those countries, which, in dear years, used to be supplied from that market. So long a course of bad seasons, though not a very common event, is by no means a singular one; and whoever has enquired much into the history of the prices of corn in former times, will be at no loss to recollect several other examples of the same kind. Ten years of extraordinary scarcity, besides, are not more wonderful than ten years of extraordinary plenty. The low price of corn from 1741 to 1750, both inclusive, may very well be set in opposition to its high price during these last eight or ten years. From 1741 to 1750, the average price of the quarter of nine bushels of the best wheat at Windsor market, it appears from the accounts of Eton College, was only 1*l.* 13*s.* 9*d.* $\frac{4}{7}$, which is nearly 6*s.* 3*d.* below the average price of the sixty-four first years of the present century. The average price of the quarter of eight bushels of middle wheat, comes out, according to this account, to have been, during these ten years, only 1*l.* 6*s.* 8*d.*

BETWEEN 1741 and 1750, however, the bounty must have hindered the price of corn from falling so low in the home market as it naturally would have done. During these ten years the quantity of all sorts of grain exported, it appears from the custom-house books, amounted to no less than eight millions twenty-nine thousand one hundred and fifty-six

six quarters one bushel. The bounty paid for this amounted to 1,514,962*l.* 17*s.* 4*d.* ½. In 1749 accordingly, Mr. Pelham, at that time prime minister, observed to the House of Commons, that for the three years preceding, a very extraordinary sum had been paid as bounty for the exportation of corn. He had good reason to make this observation, and in the following year he might have had still better. In that single year the bounty paid amounted to no less than 324,176*l.* 10*s.* 6*d.* * It is unnecessary to observe how much this forced exportation must have raised the price of corn above what it otherwise would have been in the home market.

At the end of the accounts annexed to this chapter, the reader will find the particular account of those ten years separated from the rest. He will find there too the particular account of the preceding ten years, of which the average is likewise below, though not so much below the general average of the sixty-four first years of the century. The year 1740, however, was a year of extraordinary scarcity. These twenty years preceding 1750, may very well be set in opposition to the twenty preceding 1770. As the former were a good deal below the general average of the century, notwithstanding the intervention of one or two dear years; so the latter have been a good deal above it, notwithstanding the intervention of one or two cheap ones, of 1759, for example. If the former have not been as much below the general average, as the latter have been above it, we ought probably to impute it to the bounty. The change has evidently been too sudden to be ascribed to any change in the value of silver, which is always slow and gradual. The suddenness of the effect can be accounted for only by a cause which can operate suddenly, the accidental variation of the seasons.

The money price of labour in Great Britain has, indeed, risen during the course of the present century. This, however, seems to be the effect, not so much of any diminution in the value of silver in the European market, as of an increase in the demand for labour in Great Britain, arising from the great, and almost universal prosperity of the country. In France, a country not altogether so prosperous, the money price of labour has, since the midde of the last century, been observed

* See Tracts on the Corn Trade; Tract 3d.

observed to sink gradually with the average money price of corn. Both in the last century and in the present, the day-wages of common labour are there said to have been pretty uniformly about the twentieth part of the average price of the septier of wheat, a measure which contains a little more than four Winchester bushels. In Great Britain the real recompence of labour, it has already been shown, the real quantities of the necessaries and conveniencies of life which are given to the labourer, has increased considerably during the course of the present century. The rise in its money price seems to have been the effect, not of any diminution of the value of silver in the general market of Europe, but of a rise in the real price of labour in the particular market of Great Britain, owing to the peculiarly happy circumstances of the country.

For some time after the first discovery of America, silver would continue to sell at its former, or not much below its former price. The profits of mining would for some time be very great, and much above their natural rate. Those who imported that metal into Europe, however, would soon find that the whole annual importation could not be disposed of at this high price. Silver would gradually exchange for a smaller and a smaller quantity of goods. Its price would sink gradually lower and lower till it fell to its natural price; or to what was just sufficient to pay, according to their natural rates, the wages of the labour, the profits of the stock, and the rent of the land, which must be paid in order to bring it from the mine to the market. In the greater part of the silver mines of Peru, the tax of the king of Spain, amounting to a tenth of the gross produce, eats up, it has already been observed, the whole rent of the land. This tax was originally a half; it soon afterwards fell to a third, then to a fifth, and at last to a tenth, at which rate it still continues. In the greater part of the silver mines of Peru this, it seems, is all that remains after replacing the stock of the undertaker of the work, together with its ordinary profits; and it seems to be universally acknowledged that these profits, which were once very high, are now as low as they can well be, consistently with carrying on the works.

The tax of the king of Spain was reduced to a fifth part of the registered silver in 1504*, one-and-forty years before 1545,

* Solorzano, vol. ii.

1545, the date of the discovery of the mines of Potosi. In the course of ninety years, or before 1636, these mines, the most fertile in all America, had time sufficient to produce their full effect, or to reduce the value of silver in the European market as low as it could well fall, while it continued to pay this tax to the king of Spain. Ninety years is time sufficient to reduce any commodity, of which there is no monopoly, to its natural price, or to the lowest price at which, while it pays a particular tax, it can continue to be sold for any considerable time together.

THE price of silver in the European market might perhaps have fallen still lower, and it might have become necessary either to reduce the tax upon it, not only to one tenth, as in 1736, but to one twentieth, in the same manner as that upon gold, or to give up working the greater part of the American mines which are now wrought. The gradual increase of the demand for silver, or the gradual enlargement of the market for the produce of the silver mines of America, is probably the cause which has prevented this from happening, and which has not only kept up the value of silver in the European market, but has perhaps even raised it somewhat higher than it was about the middle of the last century.

SINCE the first discovery of America, the market for the produce of its silver mines has been growing gradually more and more extensive.

FIRST, The market of Europe has become gradually more and more extensive. Since the discovery of America, the greater part of Europe has been much improved. England, Holland, France, and Germany; even Sweden, Denmark, and Russia, have all advanced considerably both in agriculture and in manufactures. Italy seems not to have gone backwards. The fall of Italy preceded the conquest of Peru. Since that time it seems rather to have recovered a little. Spain and Portugal, indeed, are supposed to have gone backwards. Portugal, however is but a very small part of Europe, and the declension of Spain, is not, perhaps, so great as is commonly imagined. In the beginning of the sixteenth century, Spain was a very poor country, even in comparison with France, which has been so much improved since that time. It was the well-known remark of the Emperor Charles V. who had travelled so frequently through both countries, that every thing

thing abounded in France, but that every thing was wanting in Spain. The increasing produce of the agriculture and manufactures of Europe must necessarily have required a gradual increase in the quantity of silver coin to circulate it; and the increasing number of wealthy individuals must have required the like increase in the quantity of their plate and other ornaments of silver.

Secondly, America is itself a new market for the produce of its own silver mines; and as it advances in agriculture, industry, and population, are much more rapid than those of the most thriving countries in Europe, its demand must increase much more rapidly. The English colonies are altogether a new market, which, partly for coin and partly for plate, requires a continually augmenting supply of silver through a great continent where there never was any demand before. The greater part too of the Spanish and Portuguese colonies are altogether new markets. New Granada, the Yucatan, Paraguay, and the Brazils were, before discovered by the Europeans, inhabited by savage nations, who had neither arts nor agriculture. A considerable degree of both has now been introduced into all of them. Even Mexico and Peru, though they cannot be considered as altogether new markets, are certainly much more extensive ones than they ever were before. After all the wonderful tales which have been published concerning the splendid state of those countries in antient times, whoever reads, with any degree of sober judgment, the history of their first discovery and conquest will evidently discern that, in arts, agriculture, and commerce, their inhabitants were much more ignorant than the Tartars of the Ukraine are at present. Even the Peruvians, the more civilized nation of the two, though they made use of gold and silver as ornaments, had no coined money of any kind. Their whole commerce was carried on by barter, and there was accordingly scarce any division of labour among them. Those who cultivated the ground were obliged to build their own houses, to make their own household furniture, their own clothes, shoes, and instruments of agriculture. The few artificers among them are said to have been all maintained by the sovereign, the nobles, and the priests, and were probably their servants or slaves. All the antient arts of Mexico and Peru have never furnished one single manufacture to Europe. The Spanish armies, though they scarce ever exceeded five hundred men, and frequently did not amount to half that number, found

found almoſt every where great difficulty in procuring ſubſiſtence. The famines which they are ſaid to have occaſioned almoſt wherever they went, in countries too which at the ſame time are repreſented as very populous and well-cultivated, ſufficiently demonſtrate that the ſtory of this populouſneſs and high cultivation is in a great meaſure fabulous. The Spaniſh colonies are under a government in many reſpects leſs favourable to agriculture, improvement and population, than that of the Engliſh colonies. They ſeem, however, to be advancing in all theſe much more rapidly than any country in Europe. In a fertile ſoil and happy climate, the great abundance and cheapneſs of land, a circumſtance common to all new colonies, is, it ſeems, ſo great an advantage as to compenſate many defects in civil government. Frezier, who viſited Peru in 1713, repreſents Lima as containing between twenty-five and twenty-eight thouſand inhabitants. Ulloa, who reſided in the ſame country between 1740 and 1746, repreſents it as containing more than fifty thouſand. The difference in their accounts of the populouſneſs of ſeveral other principal towns in Chili and Peru is nearly the ſame; and as there ſeems to be no reaſon to doubt of the good information of either, it marks an increaſe which is ſcarce inferior to that of the Engliſh colonies. America, therefore, is a new market for the produce of its own ſilver mines, of which the demand muſt increaſe much more rapidly than that of the moſt thriving country in Europe.

THIRDLY, The Eaſt Indies is another market for the produce of the ſilver mines of America, and a market which, from the time of the firſt diſcovery of thoſe mines, has been continually taking off a greater and a greater quantity of ſilver. Since that time, the direct trade between America and the Eaſt Indies, which is carried on by means of the Acapulco ſhips, has been continually augmenting, and the indirect intercourſe by the way of Europe has been augmenting in a ſtill greater proportion. During the ſixteenth century, the Portugueſe were the only European nation who carried on any regular trade to the Eaſt Indies. In the laſt years of that century the Dutch began to encroach upon this monopoly, and in a few years expelled them from their principal ſettlements in India. During the greater part of the laſt century thoſe two nations divided the moſt conſiderable part of the Eaſt India trade between them; the trade of the Dutch continually augmenting in a ſtill greater proportion than that of

the Portugueſe declined. The Engliſh and French carried on ſome trade with India in the laſt century, but it has been greatly augmented in the courſe of the preſent. The Eaſt India trade of the Swedes and Danes began in the courſe of the preſent century. Even the Muſcovites now trade regularly with China by a ſort of caravans which go over land through Siberia and Tartary to Pekin. The Eaſt India trade of all theſe nations, if we except that of the French, which the laſt war had well nigh annihilated, has been almoſt continually augmenting. The increaſing conſumption of Eaſt India goods in Europe is, it ſeems, ſo great, as to afford a gradual increaſe of employment to them all. Tea, for example, was a drug very little uſed in Europe before the middle of the laſt century. At preſent the value of the tea annually imported by the Engliſh Eaſt India Company, for the uſe of their own countrymen, amounts to more than a million and a half a year; and even this is not enough; a great deal more being conſtantly ſmuggled into the country from the ports of Holland, from Gottenburgh in Sweden, and from the coaſt of France too, as long as the French Eaſt India Company was in proſperity. The conſumption of the porcelain of China, of the ſpiceries of the Moluccas, of the piece goods of Bengal, and of innumerable other articles, has increaſed very nearly in a like proportion. The tonnage accordingly of all the European ſhipping employed in the Eaſt India trade, at any one time during the laſt century, was not, perhaps, much greater than that of the Engliſh Eaſt India Company before the late reduction of their ſhipping.

But in the Eaſt Indies, particularly in China and Indoſtan, the value of the precious metals, when the Europeans firſt began to trade to thoſe countries, was much higher than in Europe; and it ſtill continues to be ſo. In rice countries, which generally yield two, ſometimes three crops in the year, each of them more plentiful than any common crop of corn, the abundance of food muſt be much greater than in any corn country of equal extent. Such countries are accordingly much more populous. In them too the rich, having a greater ſuper-abundance of food to diſpoſe of beyond what they themſelves can conſume, have the means of purchaſing a much greater quantity of the labour of other people. The retinue of a grandee in China or Indoſtan accordingly is, by all accounts, much more numerous and ſplendid than that of the richeſt ſubjects in Europe. The ſame ſuper-abundance of

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of food, of which they have the diſpoſal, enables them to give a greater quantity of it for all thoſe ſingular and rare productions which nature furniſhes but in very ſmall quantities; ſuch as the precious metals and the precious ſtones, the great objects of the competition of the rich. Though the mines, therefore, which ſupplied the Indian market had been as abundant as thoſe which ſupplied the European, ſuch commodities would naturally exchange for a greater quantity of food in India than in Europe. But the mines which ſupplied the Indian market with the precious metals ſeem to have been a good deal leſs abundant, and thoſe which ſupplied it with the precious ſtones a good deal more ſo, than the mines which ſupplied the European. The precious metals, therefore, would naturally exchange in India for ſomewhat a greater quantity of the precious ſtones, and for a much greater quantity of food than in Europe. The money price of diamonds, the greateſt of all ſuperfluities, would be ſomewhat lower and that of food, the firſt of all neceſſaries, a great deal lower, in the one country than in the other. But the real price of labour, the real quantity of the neceſſaries of life which is given to the labourer, it has already been obſerved, is lower both in China and Indoſtan, the two great markets of India, than it is through the greater part of Europe. The wages of the labourer will there purchaſe a ſmaller quantity of food; and as the money price of food is much lower in India than in Europe, the money price of labour is there lower upon a double account; upon account both of the ſmall quantity of food which it will purchaſe, and of the low price of that food. But in countries of equal art and induſtry, the money price of the greater part of manufactures will be in proportion to the money price of labour; and in manufacturing art and induſtry, China and Indoſtan, though inferior, ſeem not to be much inferior to any part of Europe. The money price of the greater part of manufactures, therefore, will naturally be much lower in thoſe great empires than it is any-where in Europe. Through the greater part of Europe too the expence of land-carriage increaſes very much both the real and nominal price of moſt manufactures. It coſts more labour, and therefore more money, to bring firſt the materials, and afterwards the complete manufacture to market. In China and Indoſtan the extent and variety of inland navigations ſave the greater part of this labour, and conſequently of this money, and thereby reduce ſtill lower both the real and the nominal price of the greater part of their manufactures. Up-

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on all theſe accounts, the precious metals are a commodity which it always has been, and ſtill continues to be, extremely advantageous to carry from Europe to India. There is ſcarce any commodity which brings a better price there; or which, in proportion to the quantity of labour and commodities which it coſts in Europe, will purchaſe or command a greater quantity of labour and commodities in India. It is more advantageous too to carry ſilver thither than gold; becauſe in China, and the greater part of the other markets of India, the proportion between fine ſilver and fine gold is but as ten, or at moſt as twelve, to one; whereas in Europe it is as fourteen or fifteen to one. In China, and the greater part of the other markets of India, ten, or at moſt twelve, ounces of ſilver will purchaſe an ounce of gold: in Europe it requires from fourteen to fifteen ounces. In the cargoes, therefore, of the greater part of European ſhips which ſail to India, ſilver has generally been one of the moſt valuable articles. It is the moſt valuable article in the Acapulco ſhips which ſail to Manilla. The ſilver of the new continent ſeems in this manner to be one of the principal commodities by which the commerce between the two extremities of the old one is carried on, and it is by means of it, in a great meaſure, that thoſe diſtant parts of the world are connected with one another.

In order to ſupply ſo very widely extended a market, the quantity of ſilver annually brought from the mines muſt not only be ſufficient to ſupport that continual increaſe both of coin and of plate which is required in all thriving countries; but to repair that continual waſte and conſumption of ſilver which takes place in all countries where that metal is uſed.

The continual conſumption of the precious metals in coin by wearing, and in plate both by wearing and cleaning, is very ſenſible; and in commodities of which the uſe is ſo very widely extended, would alone require a very great annual ſupply. The conſumption of thoſe metals in ſome particular manufactures, though it may not perhaps be greater upon the whole than this gradual conſumption, is, however, much more ſenſible, as it is much more rapid. In the manufactures of Birmingham alone, the quantity of gold and ſilver annually employed in gilding and plating, and thereby diſqualified from ever afterwards appearing in the ſhape of thoſe metals, is ſaid to amount to more than fifty thouſand pounds ſterling. We may from thence form ſome notion how

how great muſt be the annual conſumption in all the different parts of the world, either in manufactures of the ſame kind with thoſe of Birmingham, or in laces, embroideries, gold and ſilver ſtuffs, the gilding of books, furniture, &c. A conſiderable quantity too muſt be annually loſt in tranſporting thoſe metals from one place to another both by ſea and by land. In the greater part of the governments of Aſia, beſides, the almoſt univerſal cuſtom of concealing treaſures in the bowels of the earth, of which the knowledge frequently dies with the perſon who makes the concealment, muſt occaſion the loſs of a ſtill greater quantity.

THE quantity of gold and ſilver imported at both Cadiz and Liſbon (including not only what comes under regiſter, but what may be ſuppoſed to be ſmuggled) amounts, according to the beſt accounts, to about ſix millions ſterling a year.

ACCORDING to Mr. Meggens * the annual importation of the precious metals into Spain, at an average of ſix years; viz. from 1748 to 1753, both incluſive; and into Portugal, at an average of ſeven years; viz. from 1747 to 1753, both incluſive; amounted in ſilver to 1,101,107 pounds weight; and in gold to 49,940 pounds weight. The ſilver, at ſixty-two ſhillings the pound Troy, amounts to 3,413,431*l.* 10*s.* ſterling. The gold, at forty-four guineas and a half the pound Troy, amounts to 2,333,446*l.* 14*s.* ſterling. Both together amount to 5,746,878*l.* 4*s.* ſterling. The account of what was imported under regiſter, he aſſures us is exact. He gives us the detail of the particular places from which the gold and ſilver were brought, and of the particular quantity of each metal, which, according to the regiſter, each of them afforded. He makes an allowance too for the quantity of each metal which he ſuppoſes may have been ſmuggled. The great experience of this judicious merchant renders his opinion of conſiderable weight.

ACCORDING to the eloquent and, ſometimes, well-informed Author of the Philoſophical and Political Hiſtory of the eſtabliſhment of the Europeans in the two Indies, the annual importation of regiſtered gold and ſilver into Spain, at an average

* Poſtſcript to the Univerſal Merchant, p. 15. and 16. This Poſtſcript was not printed till 1756, three years after the publication of the book, which has never had a ſecond edition. The poſtſcript is, therefore, to be found in few copies: It corrects ſeveral errors in the book.

average of eleven years; viz. from 1754 to 1764, both inclusive; amounted to 13,984,185½ piastres of ten reals. On account of what may have been smuggled, however, the whole annual importation, he supposes, may have amounted to seventeen millions of piastres; which, at 4*s.* 6*d.* the piastre, is equal to 3,825,000*l.* sterling. He gives the detail too of the particular places from which the gold and silver were brought, and of the particular quantities of each metal which, according to the register, each of them afforded. He informs us too, that if we were to judge of the quantity of gold annually imported from the Brazils into Lisbon by the amount of the tax paid to the king of Portugal, which it seems is one-fifth of the standard metal, we might value it at eighteen millions of cruzadoes, or forty-five millions of French livres, equal to about two millions sterling. On account of what may have been smuggled, however, we may safely, he says, add to this sum an eighth more, or 250,000*l.* sterling, so that the whole will amount to 2,250,000*l.* sterling. According to this account, therefore, the whole annual importation of the precious metals into both Spain and Portugal, amounts to about 6,075,000*l.* sterling.

SEVERAL other very well authenticated, though manuscript, accounts, I have been assured, agree, in making this whole annual importation amount at an average to about six millions sterling; sometimes a little more, sometimes a little less.

THE annual importation of the precious metals into Cadiz and Lisbon, indeed, is not equal to the whole annual produce of the mines of America. Some part is sent annually by the Acapulco ships to Manilla; some part is employed in the contraband trade which the Spanish colonies carry on with those of other European nations; and some part, no doubt, remains in the country. The mines of America, besides, are by no means the only gold and silver mines in the world. They are, however, by far the most abundant. The produce of all the other mines which are known, is insignificant, it is acknowledged, in comparison with theirs; and the far greater part of their produce, it is likewise acknowledged, is annually imported into Cadiz and Lisbon. But the consumption of Birmingham alone, at the rate of fifty thousand pounds a year, is equal to the hundred-and-twentieth part of this annual importation at the rate of six millions a year. The whole annual

annual consumption of gold and silver, therefore, in all the different countries of the world where those metals are used, may perhaps be nearly equal to the whole annual produce. The remainder may be no more than sufficient to supply the increasing demand of all thriving countries. It may even have fallen so far short of this demand as somewhat to raise the price of those metals in the European market.

THE quantity of brass and iron annually brought from the mine to the market is out of all proportion greater than that of gold and silver. We do not, however, upon this account, imagine that those coarse metals are likely to multiply beyond the demand, or to become gradually cheaper and cheaper. Why should we imagine that the precious metals are likely to do so? The coarse metals, indeed, though harder, are put to much harder uses, and, as they are of less value, less care is employed in their preservation. The precious metals, however, are not necessarily immortal any more than they, but are liable to be lost, wasted, and consumed in a great variety of ways.

THE price of all metals, though liable to slow and gradual variations, varies less from year to year than that of almost any other part of the rude produce of land; and the price of the precious metals is even less liable to sudden variations than that of the coarse ones. The durableness of metals is the foundation of this extraordinary steadiness of price. The corn which was brought to market last year, will be all or almost all consumed long before the end of this year. But some part of the iron which was brought from the mine two or three hundred years ago, may be still in use, and perhaps some part of the gold which was brought from it two or three thousand years ago. The different masses of corn which in different years must supply the consumption of the world, will always be nearly in proportion to the respective produce of those different years. But the proportion between the different masses of iron which may be in use in two different years, will be very little affected by any accidental difference in the produce of the iron mines of those two years; and the proportion between the masses of gold will be still less affected by any such difference in the produce of the gold mines. Though the produce of the greater part of metallick mines,

mines, therefore, varies, perhaps, ſtill more from year to year than that of the greater part of corn-fields, thoſe variations have not the ſame effect upon the price of the one ſpecies of commodities, as upon that of the other.

Variations in the Proportion between the reſpective Values of Gold and Silver.

BEFORE the diſcovery of the mines of America, the value of fine gold to fine ſilver was regulated in the different mints of Europe, between the proportions of one to ten and one to twelve; that is, an ounce of fine gold was ſuppoſed to be worth from ten to twelve ounces of fine ſilver. About the middle of the laſt century it came to be regulated, between the proportions of one to fourteen and one to fifteen; that is, an ounce of fine gold came to be ſuppoſed worth between fourteen and fifteen ounces of fine ſilver. Gold roſe in its nominal value, or in the quantity of ſilver which was given for it. Both metals ſunk in their real value, or in the quantity of labour which they could purchaſe; but ſilver ſunk more than gold. Though both the gold and ſilver mines of America exceeded in fertility all thoſe which had ever been known before, the fertility of the ſilver mines had, it ſeems, been proportionably ſtill greater than that of the gold ones.

THE great quantities of ſilver carried annually from Europe to India, have, in ſome of the Engliſh ſettlements, gradually reduced the value of that metal in proportion to gold. In the mint of Calcutta, an ounce of fine gold is ſuppoſed to be worth fifteen ounces of fine ſilver, in the ſame manner as in Europe. It is in the mint perhaps rated too high for the value which it bears in the market of Bengal. In China, the proportion of gold to ſilver ſtill continues as one to ten, or one to twelve. In Japan, it is ſaid to be as one to eight.

THE proportion between the quantities of gold and ſilver annually imported into Europe, according to Mr. Meggens's account, is as one to twenty-two nearly; that is, for one ounce of gold there are imported a little more than twenty-two

two ounces of ſilver. The great quantity of ſilver ſent annually to the Eaſt Indies, reduces, he ſuppoſes, the quantities of thoſe metals which remain in Europe to the proportion of one to fourteen or fifteen, the proportion of their values. The proportion between their values, he ſeems to think, muſt neceſſarily be the ſame as that between their quantities, and would therefore be as one to twenty-two, were it not for this greater exportation of ſilver.

BUT the ordinary proportion between the reſpective values of two commodities is not neceſſarily the ſame as that between the quantities of them which are commonly in the market. The price of an ox, reckoned at ten guineas, is about threeſcore times the price of a lamb, reckoned at 3*s.* 6*d.* It would be abſurd, however, to infer from thence, that there are commonly in the market threeſcore lambs for one ox: and it would be juſt as abſurd to infer, becauſe an ounce of gold will commonly purchaſe from fourteen to fifteen ounces of ſilver, than there are commonly in the market only fourteen or fifteen ounces of ſilver for one ounce of gold.

THE quantity of ſilver commonly in the market, it is probable, is much greater in proportion to that of gold, than the value of a certain quantity of gold is to that of an equal quantity of ſilver. The whole quantity of a cheap commodity brought to market, is commonly not only greater, but of greater value, than the whole quantity of a dear one. The whole quantity of bread annually brought to market, is not only greater, but of greater value than the whole quantity of butcher's-meat; the whole quantity of butcher's-meat, than the whole quantity of poultry; and the whole quantity of poultry, than the whole quantity of wild fowl. There are ſo many more purchaſers for the cheap than for the dear commodity, that, not only a greater quantity of it, but a greater value can commonly be diſpoſed of. The whole quantity, therefore, of the cheap commodity muſt commonly be greater in proportion to the whole quantity of the dear one, than the value of a certain quantity of the dear one, is to the value of an equal quantity of the cheap one. When we compare the precious metals with one another, ſilver is a cheap, and gold a dear commodity. We ought naturally to expect, therefore, that there ſhould always be in the market, not only a greater quantity, but a greater value of ſilver than

than of gold. Let any man, who has a little of both, compare his own ſilver with his gold plate, and he will probably find, that, not only the quantity, but the value of the former greatly exceeds that of the latter. Many people, beſides, have a good deal of ſilver who have no gold plate, which, even with thoſe who have it, is generally confined to watch-caſes, ſnuff-boxes, and ſuch like trinkets, of which the whole amount is ſeldom of great value. In the Britiſh coin, indeed, the value of the gold preponderates greatly, but it is not ſo in that of all countries. In the coin of ſome countries the value of the two metals is nearly equal. In the Scotch coin, before the union with England, the gold preponderated very little, though it did ſomewhat *, as it appears by the accounts of the mint. In the coin of many countries the ſilver preponderates. In France, the largeſt ſums are commonly paid in that metal, and it is there difficult to get more gold than what is neceſſary to carry about in your pocket. The ſuperior value, however, of the ſilver plate above that of the gold, which takes place in all countries, will much more than compenſate the preponderancy of the gold coin above the ſilver, which takes place only in ſome countries.

THOUGH, in one ſenſe of the word, ſilver always has been, and probably always will be, much cheaper than gold; yet in another ſenſe, gold may, perhaps, in the preſent ſtate of the Spaniſh market, be ſaid to be ſomewhat cheaper than ſilver. A commodity may be ſaid to be dear or cheap, not only according to the abſolute greatneſs or ſmallneſs of its uſual price, but according as that price is more or leſs above the loweſt for which it is poſſible to bring it to market for any conſiderable time together. This loweſt price is that which barely replaces, with a moderate profit, the ſtock which muſt be employed in bringing the commodity thither. It is the price which affords nothing to the landlord, of which rent makes not any component part, but which reſolves itſelf altogether into wages and profit. But in the preſent ſtate of the Spaniſh market, gold is certainly ſomewhat nearer to this loweſt price than ſilver. The tax of the King of Spain upon gold is only one-twentieth part of the ſtandard metal, or five per cent.; whereas his tax upon ſilver amounts to one-tenth part of it, or to ten per cent. In theſe taxes too, it has already been obſerved, conſiſts the whole rent of the greater part

* See Ruddiman's Preface to Anderſon's Diplomata, &c. Scotiæ.

part of the gold and ſilver mines of Spaniſh America; and that upon gold is ſtill worſe paid than that upon ſilver. The profits of the undertakers of gold mines too, as they more rarely make a fortune, muſt, in general, be ſtill more moderate than thoſe of the undertakers of ſilver mines. The price of Spaniſh gold, therefore, as it affords both leſs rent and leſs profit, muſt, in the Spaniſh market, be ſomewhat nearer to the loweſt price for which it is poſſible to bring it thither, than the price of Spaniſh ſilver. When all expences are computed, the whole quantity of the one metal, it would ſeem, cannot, in the Spaniſh market, be diſpoſed of ſo advantageouſly as the whole quantity of the other. The tax, indeed, of the King of Portugal upon the gold of the Brazils, is the ſame with the ancient tax of the King of Spain upon the ſilver of Mexico and Peru; or one-fifth part of the ſtandard metal. It may, therefore, be uncertain whether to the general market of Europe the whole maſs of American gold comes at a price nearer to the loweſt for which it is poſſible to bring it thither, than the whole maſs of American ſilver.

THE price of diamonds and other precious ſtones may, perhaps, be ſtill nearer to the loweſt price at which it is poſſible to bring them to market, than even the price of gold.

THOUGH it is not very probable, that any part of a tax, which is not only impoſed upon one of the moſt proper ſubjects of taxation, a mere luxury and ſuperfluity, but which affords ſo very important a revenue, as the tax upon ſilver, will ever be given up as long as it is poſſible to pay it; yet the ſame impoſſibility of paying it, which in 1736 made it neceſſary to reduce it from one-fifth to one-tenth, may in time make it neceſſary to reduce it ſtill further; in the ſame manner as it made it neceſſary to reduce the tax upon gold to one-twentieth. That the ſilver mines of Spaniſh America, like all other mines, become gradually more expenſive in the working, on account of the greater depths at which it is neceſſary to carry on the works, and of the greater expence of drawing out the water and of ſupplying them with freſh air at thoſe depths, is acknowledged by every body who has enquired into the ſtate of thoſe mines.

THESE

THESE cauſes, which are equivalent to a growing ſcarcity of ſilver (for a commodity may be ſaid to grow ſcarcer when it becomes more difficult and expenſive to collect a certain quantity of it) muſt, in time, produce one or other of the three following events. The increaſe of the expence muſt either, firſt, be compenſated altogether by a proportionable increaſe in the price of the metal; or, ſecondly, it muſt be compenſated altogether by a proportionable diminution of the tax upon ſilver; or, thirdly, it muſt be compenſated partly by the one, and partly by the other of thoſe two expedients. This third event is very poſſible. As gold roſe in its price in proportion to ſilver, notwithſtanding a great diminution of the tax upon gold; ſo ſilver might riſe in its price in proportion to labour and commodities, notwithſtanding an equal diminution of the tax upon ſilver.

SUCH ſucceſſive reductions of the tax, however, though they may not prevent altogether, muſt certainly retard, more or leſs, the riſe of the value of ſilver in the European market. In conſequence of ſuch reductions, many mines may be wrought which could not be wrought before, becauſe they could not afford to pay the old tax; and the quantity of ſilver annually brought to market, muſt always be ſomewhat greater, and, therefore, the value of any given quantity ſomewhat leſs, than it otherwiſe would have been. In conſequence of the reduction in 1736, the value of ſilver in the European market, though it may not at this day be lower than before that reduction, is, probably, at leaſt ten per cent. lower than it would have been, had the Court of Spain continued to exact the old tax.

THAT, notwithſtanding this reduction, the value of ſilver has, during the courſe of the preſent century, begun to riſe ſomewhat in the European market, the facts and arguments which have been alleged above, diſpoſe me to believe, or more properly to ſuſpect and conjecture; for the beſt opinion which I can form upon this ſubject, ſcarce, perhaps, deſerves the name of belief. The riſe, indeed, ſuppoſing there has been any, has hitherto been ſo very ſmall, that after all that has been ſaid, it may, perhaps, appear to many people uncertain, not only whether this event has actually taken place; but whether the contrary may not have taken place, or whether the value of ſilver may not ſtill continue to fall in the European market.

IT

It muſt be obſerved, however, that whatever may be the ſuppoſed annual importation of gold and ſilver, there muſt be a certain period, at which the annual conſumption of thoſe metals will be equal to that annual importation. Their conſumption muſt increaſe as their maſs increaſes, or rather in a much greater proportion. As their maſs increaſes, their value diminiſhes. They are more uſed, and leſs cared for, and their conſumption conſequently increaſes in a greater proportion than their maſs. After a certain period, therefore, the annual conſumption of thoſe metals muſt, in this manner become equal to their annual importation, provided that importation is not continually increaſing; which, in the preſent times, is not ſuppoſed to be the caſe.

If, when the annual conſumption has become equal to the annual importation, the annual importation ſhould gradually diminiſh, the annual conſumption may, for ſome time, exceed the annual importation. The maſs of thoſe metals may gradually and inſenſibly diminiſh, and their value gradually and inſenſibly riſe, till the annual importation becoming again ſtationary, the annual conſumption will gradually and inſenſibly accommodate itſelf to what that annual importation can maintain.

Grounds of the Suſpicion that the Value of Silver ſtill continues to decreaſe.

The increaſe of the wealth of Europe, and the popular notion that, as the quantity of the precious metals naturally increaſes with the increaſe of wealth, ſo their value diminiſhes as their quantity increaſes, may, perhaps, diſpoſe many people to believe that their value ſtill continues to fall in the European market; and the ſtill gradually increaſing price of many parts of the rude produce of land may confirm them ſtill further in this opinion.

That that increaſe in the quantity of the precious metals, which ariſes in any country from the increaſe of wealth, has no tendency to diminiſh their value, I have endeavoured to ſhew already. Gold and ſilver naturally reſort to a rich country, for the ſame reaſon that all ſorts of luxuries and curioſities reſort to it; not becauſe they are cheaper there than in

poorer countries, but becauſe they are dearer, or becauſe a better price is given for them. It is the ſuperiority of price which attracts them, and as ſoon as that ſuperiority ceaſes, they neceſſarily ceaſe to go thither.

If you except corn and ſuch other vegetables as are raiſed altogether by human induſtry, that all other ſorts of rude produce, cattle, poultry, game of all kinds, the uſeful foſſils and minerals of the earth, &c. naturally grow dearer as the ſociety advances in wealth and improvement, I have endeavoured to ſhew already. Though ſuch commodities, therefore, come to exchange for a greater quantity of ſilver than before, it will not from thence follow, that ſilver has become really cheaper, or will purchaſe leſs labour than before, but that ſuch commodities have become really dearer, or will purchaſe more labour than before. It is not their nominal price only, but their real price which riſes in the progreſs of improvement. The riſe of their nominal price is the effect, not of any degradation of the value of ſilver, but of the riſe in their real price.

Different Effects of the Progreſs of Improvement upon three different Sorts of rude Produce.

THESE different ſorts of rude produce may be divided into three claſſes. The firſt comprehends thoſe which it is ſcarce in the power of human induſtry to multiply at all. The ſecond, thoſe which it can multiply in proportion to the demand. The third, thoſe in which the efficacy of induſtry is either limited or uncertain. In the progreſs of wealth and improvement, the real price of the firſt may riſe to any degree of extravagance, and ſeems not to be limited by any certain boundary. That of the ſecond, though it may riſe greatly, has, however, a certain boundary beyond which it cannot well paſs for any conſiderable time together. That of the third, though its natural tendency is to riſe in the progreſs of improvement, yet in the ſame degree of improvement it may ſometimes happen even to fall, ſometimes to continue the ſame, and ſometimes to riſe more or leſs, according as different accidents render the efforts of human induſtry, in multiplying this ſort of rude produce, more or leſs ſucceſsful.

THE

Firſt Sort.

THE firſt ſort of rude produce of which the price riſes in the progreſs of improvement, is that which it is ſcarce in the power of human induſtry to multiply at all. It conſiſts in thoſe things which nature produces only in certain quantities, and which being of a very periſhable nature, it is impoſſible to accumulate together the produce of many different ſeaſons. Such are the greater part of rare and ſingular birds and fiſhes, many different ſorts of game, almoſt all wild-fowl, all birds of paſſage in particular, as well as many other things. When wealth and the luxury which accompanies it increaſe, the demand for theſe is likely to increaſe with them, and no effort of human induſtry may be able to increaſe the ſupply much beyond what it was before this increaſe of the demand. The quantity of ſuch commodities, therefore, remaining the ſame, or nearly the ſame, while the competition to purchaſe them is continually increaſing, their price may riſe to any degree of extravagance, and ſeems not to be limited by any certain boundary. If woodcocks ſhould become ſo faſhionable as to ſell for twenty guineas a-piece, no effort of human induſtry could increaſe the number of thoſe brought to market, much beyond what it is at preſent. The high price paid by the Romans, in the time of their greateſt grandeur, for rare birds and fiſhes, may in this manner eaſily be accounted for. Theſe prices were not the effects of the low value of ſilver in thoſe times, but of the high value of ſuch rarities and curioſities as human induſtry could not multiply at pleaſure. The real value of ſilver was higher at Rome, for ſome time before and after the fall of the republic, than it is through the greater part of Europe at preſent. Three ſeſtertii, equal to about ſixpence ſterling, was the price which the republic paid for the modius or peck of the tithe wheat of Sicily. This price, however, was probably below the average market price, the obligation to deliver their wheat at this rate, being conſidered as a tax upon the Sicilian farmers. When the Romans, therefore, had occaſion to order more corn than the tithe of wheat amounted to, they were bound by capitulation to pay for the ſurplus at the rate of four ſeſtertii, or eight-pence ſterling the peck; and this had probably been reckoned the moderate and reaſonable, that is, the ordinary or average contract price of thoſe times; it is equal to about one-and-twenty

twenty ſhillings the quarter. Eight-and-twenty ſhillings the quarter was, before the late years of ſcarcity, the ordinary contract price of Engliſh wheat, which in quality is inferior to the Sicilian, and generally ſells for a lower price in the European market. The value of ſilver, therefore, in thoſe antient times, muſt have been to its value in the preſent, as three to four inverſely, that is, three ounces of ſilver would then have purchaſed the ſame quantity of labour and commodities which four ounces will do at preſent. When we read in Pliny, therefore, that Seius * bought a white nightingale, as a preſent for the Empreſs Agrippina, at the price of ſix thouſand ſeſtertii, equal to about fifty pounds of our preſent money; and that Aſinius Celer † purchaſed a ſurmullet at the price of eight thouſand ſeſtertii, equal to about ſixty-ſix pounds thirteen ſhillings and four-pence of our preſent money; the extravagance of thoſe prices, how much ſoever it may ſurprize us, is apt, notwithſtanding, to appear to us about one-third leſs than it really was. Their real price, the quantity of labour and ſubſiſtence which was given away for them, was about one-third more than their nominal price is apt to expreſs to us in the preſent times. Seius gave for the nightingale the command of a quantity of labour and ſubſiſtence, equal to what 66*l.* 13*s.* 4*d.* would purchaſe in the preſent times; and Aſinius Celer gave for the ſurmullet the command of a quantity equal to what 88*l.* 17*s.* 9½*d.* would purchaſe. What occaſioned the extravagance of thoſe high prices was, not ſo much the abundance of ſilver, as the abundance of labour and ſubſiſtence, of which thoſe Romans had the diſpoſal, beyond what was neceſſary for their own uſe. The quantity of ſilver, of which they had the diſpoſal, was a good deal leſs than what the command of the ſame quantity of labour and ſubſiſtence would have procured to them in the preſent times.

Second Sort.

THE ſecond ſort of rude produce of which the price riſes in the progreſs of improvement, is that which human induſtry can multiply in proportion to the demand. It conſiſts in thoſe uſeful plants and animals, which, in uncultivated countries, nature produces with ſuch profuſe abundance, that they are

* Lib. x. c. 29. † Lib. ix. c. 17.

are of little or no value, and which, as cultivation advances, are therefore forced to give place to ſome more profitable produce. During a long period in the progreſs of improvement, the quantity of theſe is continually diminiſhing, while at the ſame time the demand for them is continually increaſing. Their real value, therefore, the real quantity of labour, which they will purchaſe or command, gradually riſes, till at laſt it gets ſo high as to render them as profitable a produce as any thing elſe which human induſtry can raiſe upon the moſt fertile and beſt cultivated land. When it has got ſo high it cannot well go higher. If it did, more land and more induſtry would ſoon be employed to increaſe their quantity.

WHEN the price of cattle, for example, riſes ſo high that it is as profitable to cultivate land in order to raiſe food for them, as in order to raiſe food for man, it cannot well go higher. If it did, more corn land would ſoon be turned into paſture. The extenſion of tillage, by diminiſhing the quantity of wild paſture, diminiſhes the quantity of butcher's-meat which the country naturally produces without labour or cultivation, and by increaſing the number of thoſe who have either corn, or, what comes to the ſame thing, the price of corn, to give in exchange for it, increaſes the demand. The price of butcher's meat, therefore, and conſequently of cattle, muſt gradually riſe till it gets ſo high, that it becomes as profitable to employ the moſt fertile and beſt cultivated lands in raiſing food for them as in raiſing corn. But it muſt always be late in the progreſs of improvement before tillage can be ſo far extended as to raiſe the price of cattle to this height; and till it has got to this height, if the country is advancing at all, their price muſt be continually riſing. There are, perhaps, ſome parts of Europe in which the price of cattle has not yet got to this height. It had not got to this height in any part of Scotland before the union. Had the Scotch cattle been always confined to the market of Scotland, in a country in which the quantity of land, which can be applied to no other purpoſe but the feeding of cattle, is ſo great in proportion to what can be applied to other purpoſes, it is ſcarce poſſible, perhaps, that their price could ever have riſen ſo high as to render it profitable to cultivate land for the ſake of feeding them. In England, the price of cattle, it has already been obſerved, ſeems, in the neighbourhood of London, to have got to this height about the beginning of the laſt

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century; but it was much later probably before it got to it through the greater part of the remoter counties; in ſome of which, perhaps, it may ſcarce yet have got to it. Of all the different ſubſtances, however, which compoſe this ſecond ſort of rude produce, cattle is, perhaps, that of which the price, in the progreſs of improvement, firſt riſes to this height.

TILL the price of cattle, indeed, has got to this height, it ſeems ſcarce poſſible that the greater part, even of thoſe lands which are capable of the higheſt cultivation, can be completely cultivated. In all farms too diſtant from any town to carry manure from it, that is, in the far greater part of thoſe of every extenſive country, the quantity of well-cultivated land muſt be in proportion to the quantity of manure which the farm itſelf produces; and this again muſt be in proportion to the ſtock of cattle which are maintained upon it. The land is manured either by paſturing the cattle upon it, or by feeding them in the ſtable, and from thence carrying out their dung to it. But unleſs the price of the cattle be ſufficient to pay both the rent and profit of cultivated land, the farmer cannot afford to paſture them upon it; and he can ſtill leſs afford to feed them in the ſtable. It is with the produce of improved and cultivated land only, that cattle can be fed in the ſtable; becauſe to collect the ſcanty and ſcattered produce of waſte and unimproved lands would require too much labour and be too expenſive. If the price of the cattle, therefore, is not ſufficient to pay for the produce of improved and cultivated land, when they are allowed to paſture it, that price will be ſtill leſs ſufficient to pay for that produce when it muſt be collected with a good deal of additional labour, and brought into the ſtable to them. In theſe circumſtances, therefore, no more cattle can, with profit, be fed in the ſtable, than what are neceſſary for tillage. But theſe can never afford manure enough for keeping conſtantly in good condition, all the lands which they are capable of cultivating. What they afford being inſufficient for the whole farm, will naturally be reſerved for the lands to which it can be moſt advantageouſly or conveniently applied; the moſt fertile, or thoſe, perhaps, in the neighbourhood of the farm-yard. Theſe, therefore, will be kept conſtantly in good condition and fit for tillage. The reſt will, the greater part of them, be allowed to lie waſte, producing ſcarce any thing but ſome miſerable paſture, juſt ſufficient to keep alive a few ſtraggling, half

half-ſtarved cattle; the farm, though much underſtocked in proportion to what would be neceſſary for its complete cultivation, being very frequently overſtocked in proportion to its actual produce. A portion of this waſte land, however, after having been paſtured in this wretched manner for ſix or ſeven years together, may be ploughed up, when it will yield, perhaps, a poor crop or two of bad oats, or of ſome other coarſe grain, and then, being entirely exhauſted, it muſt be reſted and paſtured again as before, and another portion ploughed up to be in the ſame manner exhauſted and reſted again in its turn. Such accordingly was the general ſyſtem of management all over the low country of Scotland before the union. The lands which were kept conſtantly well manured and in good condition, ſeldom exceeded a third or a fourth part of the whole farm, and ſometimes did not amount to a fifth or a ſixth part of it. The reſt were never manured, but a certain portion of them was in its turn, notwithſtanding, regularly cultivated and exhauſted. Under this ſyſtem of management, it is evident, even that part of the lands of Scotland which is capable of good cultivation, could produce but little in compariſon of what it may be capable of producing. But how diſadvantageous ſoever this ſyſtem may appear, yet before the union the low price of cattle ſeems to have rendered it almoſt unavoidable. If, notwithſtanding a great riſe in their price, it ſtill continues to prevail through a conſiderable part of the country, it is owing, in many places, no doubt, to ignorance and attachment to old cuſtoms, but in moſt places to the unavoidable obſtructions which the natural courſe of things oppoſes to the immediate or ſpeedy eſtabliſhment of a better ſyſtem: firſt, to the poverty of the tenants, to their not having yet had time to acquire a ſtock of cattle ſufficient to cultivate their lands more compleatly, the ſame riſe of price which would render it advantageous for them to maintain a greater ſtock, rendering it more difficult for them to acquire it; and, ſecondly, to their not having yet had time to put their lands in condition to maintain this great ſtock properly, ſuppoſing they were capable of acquiring it. The increaſe of ſtock and the improvement of land are two events which muſt go hand in hand, and of which the one can no where much out-run the other. Without ſome increaſe of ſtock, there can be ſcarce any improvement of land, but there can be no conſiderable increaſe of ſtock but in conſequence of a conſiderable improvement of land; becauſe otherwiſe the land could not maintain it. Theſe natural obſtructions to the

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eſtabliſhment of a better ſyſtem, cannot be removed but by a long courſe of frugality and induſtry; and half a century or a century more, perhaps, muſt paſs away before the old ſyſtem, which is wearing out gradually, can be compleatly aboliſhed through all the different parts of the country. Of all the commercial advantages, however, which Scotland has derived from the union with England, this riſe in the price of cattle is, perhaps, the greateſt. It has not only raiſed the value of all highland eſtates, but it has, perhaps, been the principal cauſe of the improvement of the low country.

In all new colonies the great quantity of waſte land, which can for many years be applied to no other purpoſe but the feeding of cattle, ſoon renders them extremely abundant, and in every thing great cheapneſs is the neceſſary conſequence of great abundance. Though all the cattle of the European colonies in America were originally carried from Europe, they ſoon multiplied ſo much there, and became of ſo little value, that even horſes were allowed to run wild in the woods without any owner thinking it worth while to claim them. It muſt be a long time after the firſt eſtabliſhment of ſuch colonies, before it can become profitable to feed cattle upon the produce of cultivated land. The ſame cauſes, therefore, the want of manure, and the diſproportion between the ſtock employed in cultivation, and the land which it is deſtined to cultivate, are likely to introduce there a ſyſtem of huſbandry not unlike that which ſtill continues to take place in ſo many parts of Scotland. Mr. Kalm, the Swediſh traveller, when he gives an account of the huſbandry of ſome of the Engliſh colonies in North America, as he found it in 1749, obſerves, accordingly, that he can with difficulty diſcover there the character of the Engliſh nation, ſo well ſkilled in all the different branches of agriculture. They make ſcarce any manure for their corn-fields, he ſays, but when one piece of ground has been exhauſted by continual cropping, they clear and cultivate another piece of freſh land; and when that is exhauſted, proceed to a third. Their cattle are allowed to wander through the woods and other uncultivated grounds, where they are half-ſtarved; having long ago extirpated almoſt all the annual graſſes by cropping them too early in the ſpring, before they had time to form their flowers, or to ſhed their ſeeds. * The annual graſſes were, it ſeems, the beſt natural

* Kalm's Travels, vol. i. p. 343, 344.

natural graſſes in that part of North America; and when the Europeans firſt ſettled there, they uſed to grow very thick, and to riſe three or four feet high. A piece of ground which, when he wrote, could not maintain one cow, would in former times, he was aſſured, have maintained four, each of which would have given four times the quantity of milk, which that one was capable of giving. The poorneſs of the paſture had, in his opinion, occaſioned the degradation of their cattle, which degenerated ſenſibly from one generation to another. They were probably not unlike that ſtunted breed which was common all over Scotland thirty or forty years ago, and which is now ſo much mended through the greater part of the low country, not ſo much by a change of the breed, though that expedient has been employed in ſome places, as by a more plentiful method of feeding them.

THOUGH it is late, therefore, in the progreſs of improvement before cattle can bring ſuch a price as to render it profitable to cultivate land for the ſake of feeding them; yet of all the different parts which compoſe this ſecond ſort of rude produce, they are perhaps the firſt which bring this price; becauſe till they bring it, it ſeems impoſſible that improvement can be brought near even to that degree of perfection to which it has arrived in many parts of Europe.

As cattle are among the firſt, ſo perhaps veniſon is among the laſt parts of this ſort of rude produce which bring this price. The price of veniſon, in Great Britain, how extravagant ſoever it may appear, is not near ſufficient to compenſate the expence of a deer park, as is well known to all thoſe who have had any experience in the feeding of deer. If it was otherwiſe, the feeding of deer would ſoon become an article of common farming; in the ſame manner as the feeding of thoſe ſmall birds called Turdi was among the antient Romans. Varro and Columella aſſure us that it was a moſt profitable article. The fattening of Ortolans, birds of paſſage which arrive lean in the country, is ſaid to be ſo in ſome parts of France. If veniſon continues in faſhion, and the wealth and luxury of Great Britain increaſe as they have done for ſome time paſt, its price may very probably riſe ſtill higher than it is at preſent.

BETWEEN that period in the progreſs of improvement which brings to its height the price of ſo neceſſary an article

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as cattle, and that which brings to it the price of ſuch a ſuperfluity as veniſon, there is a very long interval, in the courſe of which many other ſorts of rude produce gradually arrive at their higheſt price, ſome ſooner and ſome later, according to different circumſtances.

THUS in every farm the offals of the barn and ſtables will maintain a certain number of poultry. Theſe, as they are fed with what would otherwiſe be loſt, are a mere ſave-all; and as they coſt the farmer ſcarce any thing, ſo he can afford to ſell them for very little. Almoſt all that he gets is pure gain, and their price can ſcarce be ſo low as to diſcourage him from feeding this number. But in countries ill cultivated, and, therefore, but thinly inhabited, the poultry, which are thus raiſed without expence, are often fully ſufficient to ſupply the whole demand. In this ſtate of things, therefore, they are often as cheap as butcher's-meat, or any other ſort of animal food. But the whole quantity of poultry, which the farm in this manner produces without expence, muſt always be much ſmaller than the whole quantity of butcher's-meat which is reared upon it; and in times of wealth and luxury what is rare, with only nearly equal merit, is always preferred to what is common. As wealth and luxury increaſe, therefore, in conſequence of improvement and cultivation, the price of poultry gradually riſes above that of butcher's meat, till at laſt it gets ſo high that it becomes profitable to cultivate land for the ſake of feeding them. When it has got to this height, it cannot well go higher. If it did, more land would ſoon be turned to this purpoſe. In ſeveral provinces of France, the feeding of poultry is conſidered as a very important article in rural œconomy, and ſufficiently profitable to encourage the farmer to raiſe a conſiderable quantity of Indian corn and buck-wheat for this purpoſe. A middling farmer will there ſometimes have four hundred fowls in his yard. The feeding of poultry ſeems ſcarce yet to be generally conſidered as a matter of ſo much importance in England. They are certainly, however, dearer in England than in France, as England receives conſiderable ſupplies from France. In the progreſs of improvement, the period at which every particular ſort of animal food is deareſt, muſt naturally be that which immediately precedes the general practice of cultivating land for the ſake of raiſing it. For ſome time before this practice becomes general, the ſcarcity muſt neceſſarily raiſe the price. After it has become general, new

new methods of feeding are commonly fallen upon, which enable the farmer to raiſe upon the ſame quantity of ground a much greater quantity of that particular ſort of animal food. The plenty not only obliges him to ſell cheaper, but in conſequence of theſe improvements he can afford to ſell cheaper; for if he could not afford it, the plenty would not be of long continuance. It has been probably in this manner that the introduction of clover, turnips, carrots, cabbages, &c. has contributed to ſink the common price of butcher's-meat in the London market ſomewhat below what it was about the beginning of the laſt century.

THE hog, that finds his food among ordure, and greedily devours many things rejected by every other uſeful animal, is, like poultry, originally kept as a ſave-all. As long as the number of ſuch animals, which can thus be reared at little or no expence, is fully ſufficient to ſupply the demand, this ſort of butcher's-meat comes to market at a much lower price than any other. But when the demand riſes beyond what this quantity can ſupply, when it becomes neceſſary to raiſe food on purpoſe for feeding and fattening hogs, in the ſame manner as for feeding and fattening other cattle, the price neceſſarily riſes, and becomes proportionably either higher or lower than that of other butcher's-meat, according as the nature of the country, and the ſtate of its agriculture, happen to render the feeding of hogs more or leſs expenſive than that of other cattle. In France, according to Mr. Buffon, the price of pork is nearly equal to that of beef. In moſt parts of Great Britain it is at preſent ſomewhat higher.

THE great riſe in the price both of hogs and poultry has in Great Britain been frequently imputed to the diminution of the number of cottagers and other ſmall occupiers of land; an event which has in every part of Europe been the immediate fore-runner of improvement and better cultivation, but which at the ſame time may have contributed to raiſe the price of thoſe articles, both ſomewhat ſooner and ſomewhat faſter than it would otherwiſe have riſen. As the pooreſt family can often maintain a cat or a dog, without any expence, ſo the pooreſt occupiers of land can commonly maintain a few poultry, or a ſow and a few pigs, at very little. The little offals of their own table, their whey, ſkimmed milk, and butter milk, ſupply thoſe animals with a part of their food, and they find the reſt in the neighbouring fields without

out doing any ſenſible damage to any body. By diminiſhing the number of thoſe ſmall occupiers, therefore, the quantity of this ſort of proviſions which is thus produced at little or no expence, muſt certainly have been a good deal diminiſhed, and their price muſt conſequently have been raiſed both ſooner and faſter than it would otherwiſe have riſen. Sooner or later, however, in the progreſs of improvement, it muſt at any rate have riſen to the utmoſt height to which it is capable of riſing; or to the price which pays the labour and expence of cultivating the land which furniſhes them with food as well as theſe are paid upon the greater part of other cultivated land.

THE buſineſs of the dairy, like the feeding of hogs and poultry, is originally carried on as a ſave-all. The cattle neceſſarily kept upon the farm, produce more milk than either the rearing of their own young, or the conſumption of the farmer's family requires; and they produce moſt at one particular ſeaſon. But of all the productions of land, milk is perhaps the moſt periſhable. In the warm ſeaſon, when it is moſt abundant, it will ſcarce keep four-and-twenty hours. The farmer, by making it into freſh butter, ſtores a ſmall part of it for a week: by making it into ſalt butter, for a year: and by making it into cheeſe, he ſtores a much greater part of it for ſeveral years. Part of all theſe is reſerved for the uſe of his own family. The reſt goes to market, in order to find the beſt price which is to be had, and which can ſcarce be ſo low as to diſcourage him from ſending thither whatever is over and above the uſe of his own family. If it is very low, indeed, he will be likely to manage his dairy in a very ſlovenly and dirty manner, and will ſcarce perhaps think it worth while to have a particular room or building on purpoſe for it, but will ſuffer the buſineſs to be carried on amidſt the ſmoke, filth, and naſtineſs of his own kitchen, as was the caſe of almoſt all the farmers dairies in Scotland thirty or forty years ago, and as is the caſe of many of them ſtill. The ſame cauſes which gradually raiſed the price of butcher's-meat, the increaſe of the demand, and, in conſequence of the improvement of the country, the diminution of the quantity which can be fed at little or no expence, raiſe, in the ſame manner, that of the produce of the dairy, of which the price naturally connects with that of butcher's meat, or with the expence of feeding cattle. The increaſe of price pays for more labour, care, and cleanlineſs. The dairy becomes more worthy

worthy of the farmer's attention, and the quality of its produce gradually improves. The price at laſt gets ſo high that it becomes worth while to employ ſome of the moſt fertile and beſt cultivated lands in feeding cattle merely for the purpoſe of the dairy; and when it has got to this height, it cannot well go higher. If it did, more land would ſoon be turned to this purpoſe. It ſeems to have got to this height through the greater part of England, where much good land is commonly employed in this manner. If you except the neighbourhood of a few conſiderable towns, it ſeems not yet to have got to this height any where in Scotland, where common farmers ſeldom employ much good land in raiſing food for cattle merely for the purpoſe of the dairy. The price of the produce, though it has riſen very conſiderably within theſe few years, is probably ſtill too low to admit of it. The inferiority of the quality, indeed, compared with that of the produce of Engliſh dairies, is fully equal to that of the price. But this inferiority of quality is, perhaps, rather the effect of this lowneſs of price than the cauſe of it. Though the quality was much better, the greater part of what is brought to market could not, I apprehend, in the preſent circumſtances of the country, be diſpoſed of at a much better price; and the preſent price, it is probable, would not pay the expence of the land and labour neceſſary for producing a much better quality. Through the greater part of England, notwithſtanding the ſuperiority of price, the dairy is not reckoned a more profitable employment of land than the raiſing of corn, or the fattening of cattle, the two great objects of agriculture. Through the greater part of Scotland, therefore, it cannot yet be even ſo profitable.

THE lands of no country, it is evident, can ever be compleatly cultivated and improved, till once the price of every produce, which human induſtry is obliged to raiſe upon them, has got ſo high as to pay for the expence of compleat improvement and cultivation. In order to do this, the price of each particular produce muſt be ſufficient, firſt, to pay the rent of good corn land, as it is that which regulates the rent of the greater part of other cultivated land; and, ſecondly, to pay the labour and expence of the farmer as well as they are commonly paid upon good corn-land; or, in other words, to replace with the ordinary profits the ſtock which he employs about it. This riſe in the price of each particular produce, muſt evidently be previous to the improvement and cultivation

tion of the land which is deſtined for raiſing it. Gain is the end of all improvement, and nothing could deſerve that name of which loſs was to be the neceſſary conſequence. But loſs muſt be the neceſſary conſequence of improving land for the ſake of a produce of which the price could never bring back the expence. If the compleat improvement and cultivation of the country be, as it moſt certainly is, the greateſt of all public advantages, this riſe in the price of all thoſe different ſorts of rude produce, inſtead of being conſidered as a public calamity, ought to be regarded as the neceſſary forerunner and attendant of the greateſt of all public advantages.

THIS riſe too in the nominal or money price of all thoſe different ſorts of rude produce has been the effect, not of any degradation in the value of ſilver, but of a riſe in their real price. They have become worth, not only a greater quantity of ſilver, but a greater quantity of labour and ſubſiſtence than before. As it coſts a greater quantity of labour and ſubſiſtence to bring them to market, ſo when they are brought thither, they repreſent or are equivalent to a greater quantity.

Third Sort.

THE third and laſt ſort of rude produce, of which the price naturally riſes in the progreſs of improvement, is that in which the efficacy of human induſtry, in augmenting the quantity, is either limited or uncertain. Though the real price of this ſort of rude produce, therefore, naturally tends to riſe in the progreſs of improvement, yet, according as different accidents happen to render the efforts of human induſtry more or leſs ſucceſsful in augmenting the quantity, it may happen ſometimes even to fall, ſometimes to continue the ſame in very different periods of improvement, and ſometimes to riſe more or leſs in the ſame period.

THERE are ſome ſorts of rude produce which nature has rendered a kind of appendages to other ſorts; ſo that the quantity of the one which any country can afford, is neceſſarily limited by that of the other. The quantity of wool or of raw hides, for example, which any country can afford, is neceſſarily limited by the number of great and ſmall cattle that

that are kept in it. The ſtate of its improvement, and the nature of its agriculture, again neceſſarily determine this number.

THE ſame cauſes, which, in the progreſs of improvement, gradually raiſe the price of butcher's-meat, ſhould have the ſame effect, it may be thought, upon the prices of wool and raw hides, and raiſe them too nearly in the ſame proportion. It probably would be ſo, if in the rude beginnings of improvement the market for the latter commodities was confined within as narrow bounds as that for the former. But the extent of their reſpective markets is commonly extremely different.

THE market for butcher's-meat is almoſt every-where confined to the country which produces it. Ireland, and ſome part of Britiſh America indeed, carry on a conſiderable trade in ſalt proviſions; but they are, I believe, the only countries in the commercial world which do ſo, or which export to other countries any conſiderable part of their butcher's-meat.

THE market for wool and raw hides, on the contrary, is in the rude beginnings of improvement very ſeldom confined to the country which produces them. They can eaſily be tranſported to diſtant countries, wool without any preparation, and raw hides with very little: and as they are the materials of many manufactures, the induſtry of other countries may occaſion a demand for them, though that of the country which produces them might not occaſion any.

IN countries ill cultivated, and therefore but thinly inhabited, the price of the wool and the hide bears always a much greater proportion to that of the whole beaſt, than in other countries where, improvement and population being further advanced, there is more demand for butcher's-meat. Mr. Hume obſerves, that in the Saxon times, the fleece was eſtimated at two-fifths of the value of the whole ſheep, and that this was much above the proportion of its preſent eſtimation. In ſome provinces of Spain, I have been aſſured, the ſheep is frequently killed merely for the ſake of the fleece and the tallow. The carcaſe is often left to rot upon the ground, or to be devoured by beaſts and birds of prey. If this ſometimes happens even in Spain, it happens almoſt conſtantly in Chili, at Buenos Ayres,

Ayres, and in many other parts of Spaniſh America, where the horned cattle are almoſt conſtantly killed merely for the ſake of the hide and the tallow. This too uſed to happen almoſt conſtantly in Hiſpaniola, while it was infeſted by the Buccaneers, and before the ſettlement, improvement, and populouſneſs of the French plantations (which now extend round the coaſt of almoſt the whole weſtern half of the iſland) had given ſome value to the Spaniards, who ſtill continue to poſſeſs, not only the eaſtern part of the coaſt, but the whole inland and mountainous part of the country.

THOUGH in the progreſs of improvement and population, the price of the whole beaſt neceſſarily riſes, yet the price of the carcaſe is likely to be much more affected by this riſe than that of the wool and the hide. The market for the carcaſe, being in the rude ſtate of ſociety confined always to the country which produces it, muſt neceſſarily be extended in proportion to the improvement and population of that country. But the market for the wool and the hides even of a barbarous country often extending to the whole commercial world, it can very ſeldom be enlarged in the ſame proportion. The ſtate of the whole commercial world can ſeldom be much affected by the improvement of any particular country; and the market for ſuch commodities may remain the ſame or very nearly the ſame, after ſuch improvements, as before. It ſhould, however, in the natural courſe of things, rather upon the whole be ſomewhat extended in conſequence of them. If the manufactures, eſpecially, of which thoſe commodities are the materials, ſhould ever come to flouriſh in the country, the market, though it might not be much enlarged, would at leaſt be brought much nearer to the place of growth than before; and the price of thoſe materials might at leaſt be increaſed by what had uſually been the expence of tranſporting them to diſtant countries. Though it might not riſe therefore in the ſame proportion as that of butcher's-meat, it ought naturally to riſe ſomewhat, and it ought certainly not to fall.

IN England, however, notwithſtanding the flouriſhing ſtate of its woollen manufacture, the price of Engliſh wool has fallen very conſiderably ſince the time of Edward III. There are many authentick records which demonſtrate that during the reign of that prince (towards the middle of the fourteenth century, or about 1339) what was reckoned the moderate and reaſonable

reaſonable price of the tod or twenty-eight pounds of Engliſh wool was not leſs than ten ſhillings of the money of thoſe times*, containing, at the rate of twenty-pence the ounce, ſix ounces of ſilver Tower-weight, equal to about thirty ſhillings of our preſent money. In the preſent times, one-and-twenty ſhillings the tod may be reckoned a good price for very good Engliſh wool. The money-price of wool, therefore, in the time of Edward III, was to its money-price in the preſent times as ten to ſeven. The ſuperiority of its real price was ſtill greater. At the rate of ſix ſhillings and eight-pence the quarter, ten ſhillings was in thoſe antient times the price of twelve buſhels of wheat. At the rate of twenty-eight ſhillings the quarter, one-and-twenty ſhillings is in the preſent times the price of ſix buſhels only. The proportion between the real prices of antient and modern times, therefore, is as twelve to ſix, or as two to one. In thoſe antient times a tod of wool would have purchaſed twice the quantity of ſubſiſtence which it will purchaſe at preſent; and conſequently twice the quantity of labour, if the real recompence of labour had been the ſame in both periods.

THIS degradation both in the real and nominal value of wool, could never have happened in conſequence of the natural courſe of things. It has accordingly been the effect of violence and artifice: Firſt of the abſolute prohibition of exporting wool from England; Secondly, of the permiſſion of importing it from Spain duty free; Thirdly of the prohibition of exporting it from Ireland to any other country but England. In conſequence of theſe regulations, the market for Engliſh wool, inſtead of being ſomewhat extended in conſequence of the improvement of England, has been confined to the home market, where the wool of ſeveral other countries is allowed to come into competition with it, and where that of Ireland is forced into competition with it. As the woollen manufactures too of Ireland are fully as much diſcouraged as is conſiſtent with juſtice and fair dealing, the Iriſh can work up but a ſmall part of their own wool at home, and are, therefore, obliged to ſend a greater proportion of it to Great Britain, the only market they are allowed.

I HAVE not been able to find any ſuch authentick records concerning the price of raw hides in antient times. Wool was

* See Smith's Memoirs of Wool, vol. i. c. 5. 6. and 7; alſo, vol. ii. c. 176.

was commonly paid as a ſubſidy to the king, and its valuation in that ſubſidy aſcertains, at leaſt in ſome degree, what was its ordinary price. But this ſeems not to have been the caſe with raw hides. Fleetwood, however, from an account in 1425, between the prior of Burceſter Oxford and one of his canons, gives us their price, at leaſt as it was ſtated, upon that particular occaſion; viz. five ox hides at twelve ſhillings; five cow hides at ſeven ſhillings and three pence; thirty-ſix ſheep ſkins of two years old at nine ſhillings; ſixteen calve ſkins at two ſhillings. In 1425, twelve ſhillings contained about the ſame quantity of ſilver as four-and-twenty ſhillings of our preſent money. An ox hide, therefore, was in this account valued at the ſame quantity of ſilver as 4*s.* $\frac{2}{3}$ths of our preſent money. Its nominal price was a good deal lower than at preſent. But at the rate of ſix ſhillings and eight-pence the quarter, twelve ſhillings would in thoſe times have purchaſed fourteen buſhels and four-fifths of a buſhel of wheat, which, at three and ſix-pence the buſhel, would in the preſent times coſt 51*s.* 4*d.* An ox hide, therefore, would in thoſe times have purchaſed as much corn as ten ſhillings and three-pence would purchaſe at preſent. Its real value was equal to ten ſhillings and three-pence of our preſent money. In thoſe antient times, when the cattle were half-ſtarved during the greater part of the winter, we cannot ſuppoſe that they were of a very large ſize. An ox hide which weighs four ſtone of ſixteen pounds averdupois, is not in the preſent times reckoned a bad one; and in thoſe antient times would probably have been reckoned a very good one. But at half a crown the ſtone, which at this moment (February, 1773) I underſtand to be the common price, ſuch a hide would at preſent coſt only ten ſhillings. Though its nominal price, therefore, is higher in the preſent than it was in thoſe antient times, its real price, the real quantity of ſubſiſtence which it will purchaſe or command, is rather ſomewhat lower. The price of cow hides, as ſtated in the above account, is nearly in the common proportion to that of ox hides. That of ſheep ſkins is a good deal above it. They had probably been ſold with the wool. That of calves ſkins, on the contrary, is greatly below it. In countries where the price of cattle is very low, the calves, which are not intended to be reared in order to keep up the ſtock, are generally killed very young; as was the caſe in Scotland twenty or thirty years ago. It ſaves the milk, which their price would not pay for. Their ſkins, therefore, are commonly good for little.

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THE price of raw hides is a good deal lower at preſent than it was a few years ago; owing probably to the taking off the duty upon ſeal ſkins, and to the allowing, for a limited time, the importation of raw hides from Ireland and from the plantations duty free, which was done in 1769. Take the whole of the preſent century at an average, their real price has probably been ſomewhat higher than it was in thoſe antient times. The nature of the commodity renders it not quite ſo proper for being tranſported to diſtant markets as wool. It ſuffers more by keeping. A ſalted hide is reckoned inferior to a freſh one, and ſells for a lower price. This circumſtance muſt neceſſarily have ſome tendency to ſink the price of raw hides produced in a country which does not manufacture them, but is obliged to export them; and comparatively to raiſe that of thoſe produced in a country which does manufacture them. It muſt have ſome tendency to ſink their price in a barbarous, and to raiſe it in an improved and manufacturing country. It muſt have had ſome tendency therefore to ſink it in antient, and to raiſe it in modern times. Our tanners beſides have not been quite ſo ſucceſsful as our clothiers, in convincing the wiſdom of the nation, that the ſafety of the commonwealth depends upon the proſperity of their particular manufacture. They have accordingly been much leſs favoured. The exportation of raw hides has, indeed, been prohibited, and declared a nuiſance: but their importation from foreign countries has been ſubjected to a duty; and though this duty has been taken off from thoſe of Ireland and the plantations (for the limited time of five years only), yet Ireland has not been confined to the market of Great Britain for the ſale of its ſurplus hides, or of thoſe which are not manufactured at home. The hides of common cattle have but within theſe few years been put among the enumerated commodities which the plantations can ſend nowhere but to the mother country; neither has the commerce of Ireland been in this caſe oppreſſed hitherto, in order to ſupport the manufactures of Great Britain.

WHATEVER regulations tend to ſink the price either of wool or of raw hides below what it naturally would be, muſt, in an improved and cultivated country, have ſome tendency to raiſe the price of butcher's-meat. The price both of the great and ſmall cattle, which are fed on improved and cultivated land, muſt be ſufficient to pay the rent which the landlord, and the profit which the farmer has reaſon to expect from

from improved and cultivated land. If it is not, they will ſoon ceaſe to feed them. Whatever part of this price, therefore, is not paid by the wool and the hide, muſt be paid by the carcaſe. The leſs there is paid for the one, the more muſt be paid for the other. In what manner this price is to be divided upon the different parts of the beaſt, is indifferent to the landlords and farmers, provided it is all paid to them. In an improved and cultivated country, therefore, their intereſt as landlords and farmers cannot be much affected by ſuch regulations, though their intereſt as conſumers may, by the riſe in the price of proviſions. It would be quite otherwiſe, however, in an unimproved and uncultivated country, where the greater part of the lands could be applied to no other purpoſe but the feeding of cattle, and where the wool and the hide make the principal part of the value of thoſe cattle. Their intereſt as landlords and farmers would in this caſe be very deeply affected by ſuch regulations, and their intereſt as conſumers very little. The fall in the price of the wool and the hide, would not in this caſe raiſe the price of the carcaſe; becauſe the greater part of the lands of the country being applicable to no other purpoſe but the feeding of the cattle, the ſame number would ſtill continue to be fed. The ſame quantity of butcher's-meat would ſtill come to market. The demand for it would be no greater than before. Its price, therefore, would be the ſame as before. The whole price of cattle would fall, and along with it both the rent and the profit of all thoſe lands of which cattle was the principal produce, that is, of the greater part of the lands of the country. The perpetual prohibition of the exportation of wool, which is commonly, but very falſely, aſcribed to Edward III, would, in the then circumſtances of the country, have been the moſt deſtructive regulation which could well have been thought of. It would not only have reduced the actual value of the greater part of the lands of the kingdom, but by reducing the price of the moſt important ſpecies of ſmall cattle, it would have retarded very much its ſubſequent improvement.

THE wool of Scotland fell very conſiderably in its price in conſequence of the union with England, by which it was excluded from the great market of Europe, and confined to the narrow one of Great Britain. The value of the greater part of the lands in the ſouthern counties of Scotland, which are chiefly a ſheep country, would have been very deeply affected by

by this event, had not the rise in the price of butcher's-meat fully compensated the fall in the price of wool.

As the efficacy of human industry, in increasing the quantity either of wool or of raw hides, is limited, so far as it depends upon the produce of the country where it is exerted; so it is uncertain so far as it depends upon the produce of other countries. It so far depends, not so much upon the quantity which they produce, as upon that which they do not manufacture; and upon the restraints which they may or may not think proper to impose upon the exportation of this sort of rude produce. These circumstances, as they are altogether independent of domestic industry, so they necessarily render the efficacy of its efforts more or less uncertain. In multiplying this sort of rude produce, therefore, the efficacy of human industry is not only limited, but uncertain.

In multiplying another very important sort of rude produce, the quantity of fish that is brought to market, it is likewise both limited and uncertain. It is limited by the local situation of the country, by the proximity or distance of its different provinces from the sea, by the number of its lakes and rivers, and by what may be called the fertility or barrenness of those seas, lakes and rivers, as to this sort of rude produce. As population increases, as the annual produce of the land and labour of the country grows greater and greater, there come to be more buyers of fish, and those buyers too have a greater quantity and variety of other goods, or, what is the same thing, the price of a greater quantity and variety of other goods, to buy with. But it will generally be impossible to supply the great and extended market without employing a quantity of labour greater than in proportion to what had been requisite for supplying the narrow and confined one. A market which, from requiring only one thousand, comes to require annually ten thousand ton of fish, can seldom be supplied without employing more than ten times the quantity of labour which had before been sufficient to supply it. The fish must generally be sought for at a greater distance, larger vessels must be employed, and more expensive machinery of every kind made use of. The real price of this commodity, therefore, naturally rises in the progress of improvement. It has accordingly done so, I believe, more or less in every country.

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THOUGH the ſucceſs of a particular day's fiſhing may be a very uncertain matter, yet, the local ſituation of the country being ſuppoſed, the general efficacy of induſtry in bringing a certain quantity of fiſh to market, taking the courſe of a year, or of ſeveral years together, it may perhaps be thought, is certain enough; and it, no doubt, is ſo. As it depends more, however, upon the local ſituation of the country, than upon the ſtate of its wealth and induſtry; as upon this account it may in different countries be the ſame in very different periods of improvement, and very different in the ſame period; its connection with the ſtate of improvement is uncertain, and it is of this ſort of uncertainty that I am here ſpeaking.

IN increaſing the quantity of the different minerals and metals which are drawn from the bowels of the earth, that of the more precious ones particularly, the efficacy of human induſtry ſeems not to be limited, but to be altogether uncertain.

THE quantity of the precious metals which is to be found in any country is not limited by any thing in its local ſituation, ſuch as the fertility or barrenneſs of its own mines. Thoſe metals frequently abound in countries which poſſeſs no mines. Their quantity in every particular country ſeems to depend upon two different circumſtances; firſt, upon its power of purchaſing, upon the ſtate of its induſtry, upon the annual produce of its land and labour, in conſequence of which it can afford to employ a greater or a ſmaller quantity of labour and ſubſiſtence in bringing or purchaſing ſuch ſuperfluities as gold and ſilver, either from its own mines or from thoſe of other countries; and, ſecondly, upon the fertility or barrenneſs of the mines which may happen at any particular time to ſupply the commercial world with thoſe metals. The quantity of thoſe metals in the countries moſt remote from the mines, muſt be more or leſs affected by this fertility or barrenneſs, on account of the eaſy and cheap tranſportation of thoſe metals, of their ſmall bulk and great value. Their quantity in China and Indoſtan muſt have been more or leſs affected by the abundance of the mines of America.

So far as their quantity in any particular country depends upon the former of thoſe two circumſtances (the power of purchaſing),

purchaſing), their real price, like that of all other luxuries and ſuperfluities, is likely to riſe with the wealth and improvement of the country, and to fall with its poverty and depreſſion. Countries which have a great quantity of labour and ſubſiſtence to ſpare, can afford to purchaſe any particular quantity of thoſe metals at the expence of a greater quantity of labour and ſubſiſtence, than countries which have leſs to ſpare.

So far as their quantity in any particular country depends upon the latter of thoſe two circumſtances (the fertility or barrenneſs of the mines which happen to ſupply the commercial world) their real price, the real quantity of labour and ſubſiſtence which they will purchaſe or exchange for, will, no doubt, ſink more or leſs in proportion to the fertility, and riſe in proportion to the barrenneſs of thoſe mines.

THE fertility or barrenneſs of the mines, however, which may happen at any particular time to ſupply the commercial world, is a circumſtance which, it is evident, may have no ſort of connection with the ſtate of induſtry in a particular country. It ſeems even to have no very neceſſary connection with that of the world in general. As arts and commerce, indeed, gradually ſpread themſelves over a greater and a greater part of the earth, the ſearch for new mines, being extended over a wider ſurface, may have ſomewhat a better chance for being ſucceſsful, than when confined within narrower bounds. The diſcovery of new mines, however, as the old ones come to be gradually exhauſted, is a matter of the greateſt uncertainty, and ſuch as no human ſkill or induſtry can enſure. All indications, it is acknowledged, are doubtful, and the actual diſcovery and ſucceſsful working of a new mine can alone aſcertain the reality of its value, or even of its exiſtence. In this ſearch there ſeem to be no certain limits either to the poſſible ſucceſs, or to the poſſible diſappointment of human induſtry. In the courſe of a century or two, it is poſſible that new mines may be diſcovered more fertile than any that have ever yet been known; and it is juſt equally poſſible that the moſt fertile mine then known may be more barren than any that was wrought before the diſcovery of the mines of America. Whether the one or the other of thoſe two events may happen to take place, is of very little importance to the real wealth and proſperity of the world, to the real value of the annual produce of the land

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and labour of mankind. Its nominal value, the quantity of gold and silver by which this annual produce could be expressed or represented, would, no doubt, be very different; but its real value, the real quantity of labour which it could purchase or command, would be precisely the same. A shilling might in the one case represent no more labour than a penny does at present; and a penny in the other might represent as much as a shilling does now. But in the one case he who had a shilling in his pocket, would be no richer than he who has a penny at present; and in the other he who had a penny would be just as rich as he who has a shilling now. The cheapness and abundance of gold and silver plate, would be the sole advantage which the world could derive from the one event, and the dearness and scarcity of those trifling superfluities the only inconveniency it could suffer from the other.

Conclusion of the Digression concerning the Variations in the Value of Silver.

The greater part of the writers who have collected the money prices of things in antient times, seem to have considered the low money price of corn, and of goods in general, or, in other words, the high value of gold and silver, as a proof, not only of the scarcity of those metals, but of the poverty and barbarism of the country at the time when it took place. This notion is connected with the system of political œconomy which represents national wealth as consisting in the abundance, and national poverty in the scarcity of gold and silver; a system which I shall endeavour to explain and examine at great length in the fourth book of this enquiry. I shall only observe at present, that the high value of the precious metals can be no proof of the poverty or barbarism of any particular country at the time when it took place. It is a proof only of the barrenness of the mines which happened at that time to supply the commercial world. A poor country, as it cannot afford to buy more, so it can as little afford to pay dearer for gold and silver than a rich one; and the value of those metals, therefore, is not likely to be higher in the former than in the latter. In China, a country much richer than any part of Europe, the value of the precious metals is much higher than in any part of Europe. As the wealth of Europe, indeed, has increased greatly since the discovery

discovery of the mines of America, so the value of gold and silver has gradually diminished. This diminution of their value, however, has not been owing to the increase of the real wealth of Europe, of the annual produce of its land and labour, but to the accidental discovery of more abundant mines than any that were known before. The increase of the quantity of gold and silver in Europe, and the increase of its manufactures and agriculture, are two events which, though they have happened nearly about the same time, yet have arisen from very different causes, and have scarce any natural connection with one another. The one has arisen from a mere accident, in which neither prudence nor policy either had or could have any share: The other from the fall of the feudal system, and from the establishment of a government which afforded to industry, the only encouragement which it requires, some tolerable security that it shall enjoy the fruits of its own labour. Poland, where the feudal system still continues to take place, is at this day as beggarly a country as it was before the discovery of America. The money price of corn, however, has risen; the real value of the precious metals has fallen in Poland, in the same manner as in other parts of Europe. Their quantity, therefore, must have increased there as in other places, and nearly in the same proportion to the annual produce of its land and labour. This increase of the quantity of those metals, however, has not, it seems, increased that annual produce, has neither improved the manufactures and agriculture of the country, nor mended the circumstances of its inhabitants. Spain and Portugal, the countries which possess the mines, are, after Poland, perhaps, the two most beggarly countries in Europe. The value of the precious metals, however, must be lower in Spain and Portugal than in any other part of Europe; as they come from those countries to all other parts of Europe, loaded, not only with a freight and an insurance, but with the expence of smuggling, their exportation being either prohibited, or subjected to a duty. In proportion to the annual produce of the land and labour, therefore, their quantity must be greater in those countries than in any other part of Europe: Those countries, however, are poorer than the greater part of Europe. Though the feudal system has been abolished in Spain and Portugal, it has not been succeeded by a much better.

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As the low value of gold and silver, therefore, is no proof of the wealth and flourishing state of the country where it takes place; so neither is their high value, or the low money price either of goods in general, or of corn in particular, any proof of its poverty and barbarism.

But though the low money price either of goods in general, or of corn in particular, be no proof of the poverty or barbarism of the times, the low money price of some particular sorts of goods, such as cattle, poultry, game of all kinds, &c. in proportion to that of corn, is a most decisive one. It clearly demonstrates, first, their great abundance in proportion to that of corn, and consequently the great extent of the land which they occupied in proportion to what was occupied by corn; and, secondly, the low value of this land in proportion to that of corn land, and consequently the uncultivated and unimproved state of the far greater part of the lands of the country. It clearly demonstrates that the stock and population of the country did not bear the same proportion to the extent of its territory, which they commonly do in civilized countries, and that society was at that time, and in that country, but in its infancy. From the high or low money price either of goods in general, or of corn in particular, we can infer only that the mines which at that time happened to supply the commercial world with gold and silver, were fertile or barren, not that the country was rich or poor. But from the high or low money price of some sorts of goods in proportion to that of others, we can infer with a degree of probability that approaches almost to certainty, that it was rich or poor, that the greater part of its lands were improved or unimproved, and that it was either in a more or less barbarous state, or in a more or less civilized one.

Any rise in the money price of goods which proceeded altogether from the degradation of the value of silver, would affect all sorts of goods equally, and raise their price universally a third, or a fourth, or a fifth part higher, according as silver happened to lose a third, or a fourth, or a fifth part of its former value. But the rise in the price of provisions, which has been the subject of so much reasoning and conversation, does not affect all sorts of provisions equally. Taking the course of the present century at an average, the price

price of corn, it is acknowledged, even by thoſe who account for this riſe by the degradation of the value of ſilver, has riſen much leſs than that of ſome other ſorts of proviſions. The riſe in the price of thoſe other ſorts of proviſions, therefore, cannot be owing altogether to the degradation of the value of ſilver. Some other cauſes muſt be taken into the account, and thoſe which have been above aſſigned, will, perhaps, without having recourſe to the ſuppoſed degradation of the value of ſilver, ſufficiently explain this riſe in thoſe particular ſorts of proviſions of which the price has actually riſen in proportion to that of corn.

As to the price of corn itſelf, it has, during the ſixty-four firſt years of the preſent century, and before the late extraordinary courſe of bad ſeaſons, been ſomewhat lower than it was during the ſixty-four laſt years of the preceding century. This fact is atteſted, not only by the accounts of Windſor market, but by the public fiars of all the different counties of Scotland, and by the accounts of ſeveral different markets in France, which have been collected with great diligence and fidelity by Mr. Meſſance, and by Mr. Duprè de St. Maur. The evidence is more compleat than could well have been expected in a matter which is naturally ſo very difficult to be aſcertained.

As to the high price of corn during theſe laſt ten or twelve years, it can be ſufficiently accounted for from the badneſs of the ſeaſons, without ſuppoſing any degradation in the value of ſilver.

The opinion, therefore, that ſilver is continually ſinking in its value, ſeems not to be founded upon any good obſervations, either upon the prices of corn, or upon thoſe of other proviſions.

The ſame quantity of ſilver, it may, perhaps, be ſaid, will in the preſent times, even according to the account which has been here given, purchaſe a much ſmaller quantity of ſeveral ſorts of proviſions than it would have done during ſome part of the laſt century; and to aſcertain whether this change be owing to a riſe in the value of thoſe goods, or to a fall in the value of ſilver, is only to eſtabliſh a vain and uſeleſs diſtinction, which can be of no ſort of ſervice to the man who has only a certain quantity of ſilver to go to market with, or a certain

a certain fixed revenue in money. I certainly do not pretend that the knowledge of this diſtinction will enable him to buy cheaper. It may not, however, upon that account be altogether uſeleſs.

It may be of ſome uſe to the public by affording an eaſy proof of the proſperous condition of the country. If the riſe in the price of ſome ſorts of proviſions be owing altogether to a fall in the value of ſilver, it is owing to a circumſtance from which nothing can be inferred but the fertility of the American mines. The real wealth of the country, the annual produce of its land and labour, may, notwithſtanding this circumſtance, be either gradually declining, as in Portugal and Poland; or gradually advancing, as in moſt other parts of Europe. But if this riſe in the price of ſome ſorts of proviſions be owing to a riſe in the real value of the land which produces them, to its increaſed fertility; or, in conſequence of more extended improvement and good cultivation, to its having been rendered fit for producing corn; it is owing to a circumſtance which indicates in the cleareſt manner the proſperous and advancing ſtate of the country. The land conſtitutes by far the greateſt, the moſt important, and the moſt durable part of the wealth of every extenſive country. It may ſurely be of ſome uſe, or, at leaſt, it may give ſome ſatisfaction to the Public, to have ſo deciſive a proof of the increaſing value of by far the greateſt, the moſt important, and the moſt durable part of its wealth.

It may too be of ſome uſe to the Public in regulating the pecuniary reward of ſome of its inferior ſervants. If this riſe in the price of ſome ſorts of proviſions be owing to a fall in the value of ſilver, their pecuniary reward, provided it was not too large before, ought certainly to be augmented in proportion to the extent of this fall. If it is not augmented, their real recompence will evidently be ſo much diminiſhed. But if this riſe of price is owing to the increaſed value, in conſequence of the improved fertility of the land which produces ſuch proviſions, it becomes a much nicer matter to judge either in what proportion any pecuniary reward ought to be augmented, or whether it ought to be augmented at all. The extenſion of improvement and cultivation, as it neceſſarily raiſes more or leſs, in proportion to the price of corn, that of every ſort of animal food, ſo it as neceſſarily lowers that of, I believe, every ſort of vegetable food. It raiſes the price

price of animal food; becauſe a great part of the land which produces it, being rendered fit for producing corn, muſt afford to the landlord and farmer the rent and profit of corn-land. It lowers the price of vegetable food; becauſe, by increaſing the fertility of the land, it increaſes its abundance. The improvements of agriculture too introduce many ſorts of vegetable food, which, requiring leſs land and not more labour than corn, come much cheaper to market. Such are potatoes and maize, or what is called Indian corn, the two moſt important improvements which the agriculture of Europe, perhaps, which Europe itſelf, has received from the great extenſion of its commerce and navigation. Many ſorts of vegetable food, beſides, which in the rude ſtate of agriculture are confined to the kitchen-garden, and raiſed only by the ſpade, come in its improved ſtate to be introduced into common fields, and to be raiſed by the plough: ſuch as turnips, carrots, cabbages, &c. If in the progreſs of improvement, therefore, the real price of one ſpecies of food neceſſarily riſes, that of another as neceſſarily falls, and it becomes a matter of more nicety to judge how far the riſe in the one may be compenſated by the fall in the other. When the real price of butcher's meat has once got to its height (which, with regard to every ſort, except, perhaps, that of hogs fleſh, it ſeems to have done through a great part of England, more than a century ago), any riſe which can afterwards happen in that of any other ſort of animal food, cannot much affect the circumſtances of the inferior ranks of people. The circumſtances of the poor through a great part of England cannot ſurely be ſo much diſtreſſed by any riſe in the price of poultry, fiſh, wild-fowl, or veniſon, as they muſt be relieved by the fall in that of potatoes.

In the preſent ſeaſon of ſcarcity the high price of corn no doubt diſtreſſes the poor. But in times of moderate plenty, when corn is at its ordinary or average price, the natural riſe in the price of any other ſort of rude produce cannot much affect them. They ſuffer more, perhaps, by the artificial riſe which has been occaſioned by taxes in the price of ſome manufactured commodities; as of ſalt, ſoap, leather, candles, malt, beer, and ale, &c.

Effects

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Effects of the Progress of Improvement upon the real Price of Manufactures.

IT is the natural effect of improvement, however, to diminish gradually the real price of almost all manufactures. That of the manufacturing workmanship diminishes, perhaps, in all of them without exception. In consequence of better machinery, of greater dexterity, and of a more proper division and distribution of work, all of which are the natural effects of improvement, a much smaller quantity of labour becomes requisite for executing any particular piece of work; and though, in consequence of the flourishing circumstances of the society, the real price of labour should rise very considerably, yet the great diminution of the quantity will generally much more than compensate the greatest rise which can happen in the price.

THERE are, indeed, a few manufactures, in which the necessary rise in the real price of the rude materials will more than compensate all the advantages which improvement can introduce into the execution of the work. In carpenters and joiners work, and in the coarser sort of cabinet work, the necessary rise in the real price of barren timber, in consequence of the improvement of land, will more than compensate all the advantages which can be derived from the best machinery, the greatest dexterity, and the most proper division and distribution of work.

BUT in all cases in which the real price of the rude materials either does not rise at all, or does not rise very much, that of the manufactured commodity sinks very considerably.

THIS diminution of price has, in the course of the present and preceding century, been most remarkable in those manufactures of which the materials are the coarser metals. A better movement of a watch, than about the middle of the last century could have been bought for twenty pounds, may now perhaps be had for twenty shillings. In the work of cutlers

cutlers and locksmiths, in all the toys which are made of the coarser metals, and in all those goods which are commonly known by the name of Birmingham and Sheffield ware, there has been, during the same period, a very great reduction of price, though not altogether so great as in watch-work. It has, however, been sufficient to astonish the workmen of every other part of Europe, who in many cases acknowledge that they can produce no work of equal goodness for double, or even for triple the price. There are perhaps no manufactures in which the division of labour can be carried further, or in which the machinery employed admits of a greater variety of improvements, than those of which the materials are the coarser metals.

In the clothing manufacture there has, during the same period, been no such sensible reduction of price. The price of superfine cloth, I have been assured, on the contrary, has, within these five-and-twenty or thirty years, risen somewhat in proportion to its quality; owing, it was said, to a considerable rise in the price of the material, which consists altogether of Spanish wool. That of the Yorkshire cloth, which is made altogether of English wool, is said indeed, during the course of the present century, to have fallen a good deal in proportion to its quality. Quality, however, is so very disputable a matter, that I look upon all information of this kind as somewhat uncertain. In the clothing manufacture, the division of labour is nearly the same now as it was a century ago, and the machinery employed is not very different. There may, however, have been some small improvements in both, which may have occasioned some reduction of price.

But the reduction will appear much more sensible and undeniable, if we compare the price of this manufacture in the present times with what it was in a much remoter period, towards the end of the fifteenth century, when the labour was probably much less subdivided, and the machinery employed much more imperfect than it is at present.

In 1487, being the 4th of Henry VII. it was enacted, that "whosoever shall sell by retail a broad yard of the finest "scarlet grained, or of other grained cloth of the finest "making,

making, above ſixteen ſhillings, ſhall forfeit forty ſhillings for every yard ſo ſold." Sixteen ſhillings, therefore, containing about the ſame quantity of ſilver as four-and-twenty ſhillings of our preſent money, was, at that time, reckoned not an unreaſonable price for a yard of the fineſt cloth; and as this is a ſumptuary law, ſuch cloth, it is probable, had uſually been ſold ſomewhat dearer. A guinea may be reckoned the higheſt price in the preſent times. Even though the quality of the cloths, therefore, ſhould be ſuppoſed equal, and that of the preſent times is moſt probably much ſuperior, yet, even upon this ſuppoſition, the money price of the fineſt cloth appears to have been conſiderably reduced ſince the end of the fifteenth century. But its real price has been much more reduced. Six ſhillings and eight-pence was then, and long afterwards, reckoned the average price of a quarter of wheat. Sixteen ſhillings, therefore, was the price of two quarters and more than three buſhels of wheat. Valuing a quarter of wheat in the preſent times at eight-and-twenty ſhillings, the real price of a yard of fine cloth muſt, in thoſe times, have been equal to at leaſt three pounds ſix ſhillings and ſixpence of our preſent money. The man who bought it muſt have parted with the command of a quantity of labour and ſubſiſtence equal to what that ſum would purchaſe in the preſent times.

THE reduction in the real price of the coarſe manufacture, though conſiderable, has not been ſo great as in that of the fine.

In 1463, being the 3d of Edward IV. it was enacted, that "no ſervant in huſbandry, nor common labourer, nor "ſervant to any artificer inhabiting out of a city or burgh, "ſhall uſe or wear in their cloathing any cloth above two "ſhillings the broad yard." In the 3d of Edward IV. two ſhillings contained very nearly the ſame quantity of ſilver as four of our preſent money. But the Yorkſhire cloth which is now ſold at four ſhillings the yard, is probably much ſuperior to any that was then made for the wearing of the very pooreſt order of common ſervants. Even the money price of their cloathing, therefore, may, in proportion to the quality, be ſomewhat cheaper in the preſent than it was in thoſe antient times. The real price is certainly a good deal cheaper. Ten pence was then

then reckoned what is called the moderate and reasonable price of a bushel of wheat. Two shillings, therefore, was the price of two bushels and near two pecks of wheat, which in the present times, at three shillings and six-pence the bushel, would be worth eight shillings and nine-pence. For a yard of this cloth the poor servant must have parted with the power of purchasing a quantity of subsistence equal to what eight shillings and nine-pence would purchase in the present times. This is a sumptuary law too, restraining the luxury and extravagance of the poor. Their cloathing, therefore, had commonly been much more expensive.

THE same order of people are, by the same law, prohibited from wearing hose, of which the price should exceed fourteen-pence the pair, equal to about eight-and-twenty-pence of our present money. But fourteen-pence was in those times the price of a bushel and near two pecks of wheat; which, in the present times, at three and sixpence the bushel, would cost five shillings and three-pence. We should in the present times consider this as a very high price for a pair of stockings to a servant of the poorest and lowest order. He must, however, in those times have paid what was really equivalent to this price for them.

IN the time of Edward IV. the art of knitting stockings was probably not known in any part of Europe. Their hose were made of common cloth, which may have been one of the causes of their dearness. The first person that wore stockings in England is said to have been Queen Elizabeth. She received them as a present from the Spanish ambassador.

BOTH in the coarse and in the fine woollen manufacture, the machinery employed was much more imperfect in those antient, than it is in the present times. It has since received three very capital improvements, besides, probably, many smaller ones of which it may be difficult to ascertain either the number or the importance. The three capital improvements are; first, The exchange of the rock and spindle for the spinning-wheel, which, with the same quantity of labour, will perform more than double the quantity

quantity of work. Secondly, the uſe of ſeveral very ingenious machines which facilitate and abridge in a ſtill greater proportion the winding of the worſted and woollen yarn, or the proper arrangement of the warp and woof before they are put into the loom; an operation which, previous to the invention of thoſe machines, muſt have been extremely tedious and troubleſome. Thirdly, The employment of the fulling mill for thickening the cloth, inſtead of treading it in water. Neither wind nor water mills of any kind were known in England ſo early as the beginning of the ſixteenth century, nor, ſo far as I know, in any other part of Europe north of the Alps. They had been introduced into Italy ſome time before.

THE conſideration of theſe circumſtances may, perhaps, in ſome meaſure explain to us why the real price both of the coarſe and of the fine manufacture, was ſo much higher in thoſe antient, than it is in the preſent times. It coſt a greater quantity of labour to bring the goods to market. When they were brought thither, therefore, they muſt have purchaſed or exchanged for the price of a greater quantity.

THE coarſe manufacture probably was, in thoſe antient times, carried on in England, in the ſame manner as it always has been in countries where arts and manufactures are in their infancy. It was probably a houſehold manufacture, in which every different part of the work was occaſionally performed by all the different members of almoſt every private family; but ſo as to be their work only when they had nothing elſe to do, and not to be the principal buſineſs from which any of them derived the greater part of their ſubſiſtence. The work which is performed in this manner, it has already been obſerved, comes always much cheaper to market than that which is the principal or ſole fund of the workman's ſubſiſtence. The fine manufacture, on the other hand, was not in thoſe times carried on in England, but in the rich and commercial country of Flanders; and it was probably conducted then, in the ſame manner as now, by people who derived the whole, or the principal part of their ſubſiſtence from it. It was beſides a foreign manufacture, and muſt have paid ſome duty, the antient cuſtom of tonnage and poundage at leaſt, to the king.

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This duty, indeed, would not probably be very great. It was not then the policy of Europe to reſtrain, by high duties, the importation of foreign manufactures, but rather to encourage it, in order that merchants might be enabled to ſupply, at as eaſy a rate as poſſible, the great men with the conveniencies and luxuries which they wanted, and which the induſtry of their own country could not afford them.

THE conſideration of theſe circumſtances may perhaps in ſome meaſure explain to us why, in thoſe antient times, the real price of the coarſe manufacture was, in proportion to that of the fine, ſo much lower than in the preſent times.

CONCLUSION *of the* CHAPTER.

I SHALL conclude this very long chapter with obſerving that every improvement in the circumſtances of the ſociety tends either directly or indirectly to raiſe the real rent of land, to increaſe the real wealth of the landlord, his power of purchaſing the labour, or the produce of the labour of other people.

THE extenſion of improvement and cultivation tends to raiſe it directly. The landlord's ſhare of the produce neceſſarily increaſes with the increaſe of the produce.

THAT riſe in the real price of thoſe parts of the rude produce of land, which is firſt the effect of extended improvement and cultivation, and afterwards the cauſe of their being ſtill further extended, the riſe in the price of cattle, for example, tends too to raiſe the rent of land directly, and in a ſtill greater proportion. The real value of the landlord's ſhare, his real command of the labour of other people, not only riſes with the real value of the produce, but the proportion of his ſhare to the whole produce riſes with it. That produce, after the riſe in its real price, requires no more labour to collect it than before. A ſmaller proportion of it will, therefore, be ſufficient to replace, with the ordinary profit, the ſtock which employs that labour. A greater proportion of it muſt, conſequently, belong to the landlord.

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ALL thoſe improvements in the productive powers of labour, which tend directly to reduce the real price of manufactures, tend indirectly to raiſe the real rent of land. The landlord exchanges that part of his rude produce, which is over and above his own conſumption, or what comes to the ſame thing, the price of that part of it, for manufactured produce. Whatever reduces the real price of the latter, raiſes that of the former. An equal quantity of the former becomes thereby equivalent to a greater quantity of the latter; and the landlord is enabled to purchaſe a greater quantity of the conveniencies, ornaments, or luxuries, which he has occaſion for.

EVERY increaſe in the real wealth of the ſociety, every increaſe in the quantity of uſeful labour employed within it, tends indirectly to raiſe the real rent of land. A certain proportion of this labour naturally goes to the land. A greater number of men and cattle are employed in its cultivation, the produce increaſes with the increaſe of the ſtock which is thus employed in raiſing it, and the rent increaſes with the produce.

The contrary circumſtances, the neglect of cultivation and improvement, the fall in the real price of any part of the rude produce of land, the riſe in the real price of manufactures from the decay of manufacturing art and induſtry, the declenſion of the real wealth of the ſociety, all tend, on the other hand, to lower the real rent of land, to reduce the real wealth of the landlord, to diminiſh his power of purchaſing either the labour, or the produce of the labour of other people.

THE whole annual produce of the land and labour of every country, or what comes to the ſame thing, the whole price of that annual produce, naturally divides itſelf, it has already been obſerved, into three parts; the rent of land, the wages of labour, and the profits of ſtock; and conſtitutes a revenue to three different orders of people; to thoſe who live by rent, to thoſe who live by wages, and to thoſe who live by profit. Theſe are the three great, original and conſtituent orders of every civilized ſociety, from whoſe revenue that of every other order is ultimately derived.

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THE intereſt of the firſt of thoſe three great orders, it appears from what has been juſt now ſaid, is ſtrictly and inſeparably connected with the general intereſt of the ſociety. Whatever either promotes or obſtructs the one, neceſſarily promotes or obſtructs the other. When the public deliberates concerning any regulation of commerce or police, the proprietors of land never can miſlead it, with a view to promote the intereſt of their own particular order; at leaſt, if they have any tolerable knowledge of that intereſt. They are, indeed, too often defective in this tolerable knowledge. They are the only one of the three orders whoſe revenue coſts them neither labour nor care, but comes to them, as it were, of its own accord, and independent of any plan or project of their own. That indolence, which is the natural effect of the eaſe and ſecurity of their ſituation, renders them too often, not only ignorant, but incapable of that application of mind which is neceſſary in order to foreſee and underſtand the conſequences of any public regulation.

THE intereſt of the ſecond order, that of thoſe who live by wages, is as ſtrictly connected with the intereſt of the ſociety as that of the firſt. The wages of the labourer, it has already been ſhewn, are never ſo high as when the demand for labour is continually riſing, or when the quantity employed is every year increaſing conſiderably. When this real wealth of the ſociety becomes ſtationary, his wages are ſoon reduced to what is barely enough to enable him to bring up a family, or to continue the race of labourers. When the ſociety declines, they fall even below this. The order of proprietors may, perhaps, gain more by the proſperity of the ſociety, than that of labourers: but there is no order that ſuffers ſo cruelly from its decline. But though the intereſt of the labourer is ſtrictly connected with that of the ſociety, he is incapable either of comprehending that intereſt, or of underſtanding its connection with his own. His condition leaves him no time to receive the neceſſary information, and his education and habits are commonly ſuch as to render him unfit to judge even though he was fully informed. In the public deliberations, therefore, his voice is little heard and leſs regarded, except upon ſome particular occaſions, when his clamour is animated, ſet on, and ſupported by his employers, not for his, but their own particular purpoſes.

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His employers conſtitute the third order, that of thoſe who live by profit. It is the ſtock that is employed for the ſake of profit, which puts into motion the greater part of the uſeful labour of every ſociety. The plans and projects of the employers of ſtock regulate and direct all the moſt important operations of labour, and profit is the end propoſed by all thoſe plans and projects. But the rate of profit does not, like rent and wages, riſe with the proſperity, and fall with the declenſion of the ſociety. On the contrary, it is naturally low in rich, and high in poor countries, and it is always higheſt in the countries which are going faſteſt to ruin. The intereſt of this third order, therefore, has not the ſame connection with the general intereſt of the ſociety as that of the other two. Merchants and maſter manufacturers are, in this order, the two claſſes of people who commonly employ the largeſt capitals, and who by their wealth draw to themſelves the greateſt ſhare of the public conſideration. As during their whole lives they are engaged in plans and projects, they have frequently more acuteneſs of underſtanding than the greater part of country gentlemen. As their thoughts, however, are commonly exerciſed rather about the intereſt of their own particular branch of buſineſs, than about that of the ſociety, their judgment, even when given with the greateſt candour (which it has not been upon every occaſion) is much more to be depended upon with regard to the former of thoſe two objects, than with regard to the latter. Their ſuperiority over the country gentleman is, not ſo much in their knowledge of the public intereſt, as in their having a better knowledge of their own intereſt than he has of his. It is by this ſuperior knowledge of their own intereſt that they have frequently impoſed upon his generoſity, and perſuaded him to give up both his own intereſt and that of the public, from a very ſimple but honeſt conviction, that their intereſt, and not his, was the intereſt of the public. The intereſt of the dealers, however, in any particular branch of trade or manufactures, is always in ſome reſpects different from, and even oppoſite to, that of the public. To widen the market and to narrow the competition, is always the intereſt of the dealers. To widen the market may frequently be agreeable enough to the intereſt of the public; but to narrow the competition muſt always be againſt it, and can ſerve only to enable the dealers, by raiſing their profits above what they naturally would be,

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to levy, for their own benefit, an abſurd tax upon the reſt of their fellow-citizens. The propoſal of any new law or regulation of commerce which comes from this order, ought always to be liſtened to with great precaution, and ought never to be adopted till after having been long and carefully examined, not only with the moſt ſcrupulous, but with the moſt ſuſpicious attention. It comes from an order of men, whoſe intereſt is never exactly the ſame with that of the public, who have generally an intereſt to deceive and even to oppreſs the public, and who accordingly have, upon many occaſions, both deceived and oppreſſed it.

Years XII.	Price of the Quarter of Wheat each Year.			Average of the different Prices of the ſame Year.			The average Price of each Year in Money of the preſent Times.		
	£.	s.	d.	£.	s.	d.	£.	s.	d.
1202	—	12	—	—	—	—	1	16	—
1205	—	12	—	—	13	5	2	—	3
	—	13	4						
	—	15	—						
1223	—	12	—	—	—	—	1	16	—
1237	—	3	4	—	—	—	—	10	—
1243	—	2	—	—	—	—	—	6	—
1244	—	2	—	—	—	—	—	6	—
1246	—	16	—	—	—	—	2	8	—
1247	—	13	4	—	—	—	2	—	—
1257	1	4	—	—	—	—	3	12	—
1258	1	—	—	—	17	—	2	11	—
	—	15	—						
	—	16	—						
1270	4	16	—	5	12	—	16	16	—
	6	8	—						
1286	—	2	8	—	9	4	1	8	—
	—	16	—						
						Total,	35	9	3
						Average Price,	2	19	1¼

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Years XII.	Price of the Quarter of Wheat each Year. £.	s.	d.	Average of the different Prices of the same Year. £.	s.	d.	The average Price of each Year in Money of the present Times. £.	s.	d.
1287	—	3	4	—	—	—	—	10	—
	—	—	8						
	—	1	—						
	—	1	4						
1288	—	1	6	—	3	— $\frac{1}{4}$	—	9	— $\frac{3}{4}$
	—	1	8						
	—	2	—						
	—	3	4						
	—	9	4						
	—	12	—						
	—	6	—						
1289	—	2	—	—	10	1 $\frac{2}{4}$	1	10	4 $\frac{2}{4}$
	—	10	8						
	1	—	—						
1290	—	16	—	—	—	—	2	8	—
1294	—	16	—	—	—	—	2	8	—
1302	—	4	—	—	—	—	—	12	—
1309	—	7	2	—	—	—	1	1	6
1315	1	—	—	—	—	—	3	—	—
	1	—	—						
1316	1	10	—	1	10	6	4	11	6
	1	12	—						
	2	—	—						
	2	4	—						
	—	14	—						
1317	2	13	—	1	19	6	5	18	6
	4	—	—						
	—	6	8						
1336	—	2	—	—	—	—	—	6	—
1338	—	3	4	—	—	—	—	10	—
						Total,	23	4	11 $\frac{3}{4}$
						Average Price,	1	18	8

Years XII.	Price of the Quarter of Wheat each Year. £.	s.	d.	Average of the different Prices of the same Year. £.	s.	d.	The average Price of each Year in Money of the present Times. £.	s.	d.
1339	—	9	—	—	—	—	1	7	—
1349	—	2	—	—	—	—	—	5	2
1359	1	6	8	—	—	—	3	2	2
1361	—	2	—	—	—	—	—	4	8
1363	—	15	—	—	—	—	1	15	—
1369	1	—	—	1	2	—	2	9	4
	1	4	—						
1379	—	4	—	—	—	—	—	9	4
1387	—	2	—	—	—	—	—	4	8
1390	—	13	4	—	14	5	1	13	7
	—	14	—						
	—	16	—						
1401	—	16	—	—	—	—	1	17	4
1407	—	4	4¾	—	3	10	—	8	11
	—	3	4						
1416	—	16	—	—	—	—	1	12	—
						Total,	15	9	4
						Average Price,	1	5	9¾

	£.	s.	d.	£.	s.	d.	£.	s.	d.
1423	—	8	—	—	—	—	—	16	—
1425	—	4	—	—	—	—	—	8	—
1434	1	6	8	—	—	—	2	13	4
1435	—	5	4	—	—	—	—	10	8
1439	1	—	—	1	3	4	2	6	8
	1	6	8						
1440	1	4	—	—	—	—	2	8	—
1444	—	4	4	—	4	2	—	8	4
	—	4	—						
1445	—	4	6	—	—	—	—	9	—
1447	—	8	—	—	—	—	—	16	—
1448	—	6	8	—	—	—	—	13	4
1449	—	5	—	—	—	—	—	10	—
1451	—	8	—	—	—	—	—	16	—
						Total,	12	15	4
						Average Price,	1	1	3½

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Years XII

	Price of the Quarter of Wheat each Year.			Average of the different Prices of the same Year.			The average Price of each Year in Money of the present Times.		
	£.	s.	d.	£.	s.	d.	£.	s.	d.
1453	—	5	4	—	—	—	—	10	8
1455	—	1	2	—	—	—	—	2	4
1457	—	7	8	—	—	—	—	15	4
1459	—	5	—	—	—	—	—	10	—
1460	—	8	—	—	—	—	—	16	—
1463	—	2	—	—	1	10	—	3	8
	—	1	8						
1464	—	6	8	—	—	—	—	10	—
1486	1	4	—	—	—	—	1	17	—
1491	—	14	8	—	—	—	1	2	—
1494	—	4	—	—	—	—	—	6	—
1495	—	3	4	—	—	—	—	5	—
1497	1	—	—	—	—	—	1	11	—
						Total,	8	9	—
						Average Price,	—	14	1

	£.	s.	d.	£.	s.	d.	£.	s.	d.
1499	—	4	—	—	—	—	—	6	—
1504	—	5	8	—	—	—	—	8	6
1521	1	—	—	—	—	—	1	10	—
1551	—	8	—	—	—	—	—	2	—
1553	—	8	—	—	—	—	—	8	—
1554	—	8	—	—	—	—	—	8	—
1555	—	8	—	—	—	—	—	8	—
1556	—	8	—	—	—	—	—	8	—
1557	—	4	—	—	17	$8\frac{1}{2}$	—	17	$8\frac{1}{2}$
	—	5	—						
	—	8	—						
	2	13	4						
1558	—	8	—	—	—	—	—	8	—
1559	—	8	—	—	—	—	—	8	—
1560	—	8	—	—	—	—	—	8	—
						Total,	6	0	$2\frac{1}{2}$
						Average Price,	—	10	$-\frac{1}{12}$

Years XII.	Price of the Quarter of Wheat each Year.			Average of the different Prices of the same Year.			The average Price of each Year in Money of the present Times.		
	£.	s.	d.	£.	s.	d.	£.	s.	d.
1561	—	8	—	—	—	—	—	8	—
1562	—	8	—	—	—	—	—	8	—
1574	2	16	—	2	—	—	2	—	—
	1	4	—						
1587	3	4	—	—	—	—	3	4	—
1594	2	16	—	—	—	—	2	16	—
1595	2	13	—	—	—	—	2	13	—
1596	4	—	—	—	—	—	4	—	—
1597	5	4	—	4	12	—	4	12	—
	4	—	—						
1598	2	16	8	—	—	—	2	16	8
1599	1	19	2	—	—	—	1	19	2
1600	1	17	8	—	—	—	1	17	8
1601	1	14	10	—	—	—	1	14	10
						Total,	28	9	4
						Average Price,	2	7	$5\frac{1}{3}$

Prices of the Quarter of nine Buſhels of the beſt or higheſt priced Wheat at Windſor Market, on Lady-Day and Michaelmas, from 1595 to 1764, both incluſive; the Price of each Year being the medium between the higheſt Prices of thoſe Two Market Days.

Years.	Wheat per quarter. £.	s.	d.
1595	2	0	0
1596	2	8	0
1597	3	9	6
1598	2	16	8
1599	1	19	2
1600	1	17	8
1601	1	14	10
1602	1	9	4
1603	1	15	4
1604	1	10	8
1605	1	15	10
1606	1	13	0
1607	1	16	8
1608	2	16	8
1609	2	10	0
1610	1	15	10
1611	1	18	8
1612	2	2	4
1613	2	8	8
1614	2	1	8½
1615	1	18	8
1616	2	0	4
1617	2	8	8
1618	2	6	8
1619	1	15	4
1620	1	10	4
	26) 54	0	6½
	2	1	6 9/13

Years.	Wheat per quarter. £.	s.	d.
1621	1	10	4
1622	2	18	8
1623	2	12	0
1624	2	8	0
1625	2	12	0
1626	2	9	4
1627	1	16	0
1628	1	8	0
1629	2	2	0
1630	2	15	8
1631	3	8	0
1632	2	13	4
1633	2	18	0
1634	2	16	0
1635	2	16	0
1636	2	16	8
16)	40	0	0
	2	10	0

Years.	Wheat per quarter. £.	s.	d.
1637 -	2	13	0
1638 -	2	17	4
1639 -	2	4	10
1640 -	2	4	8
1641	2	8	0
1642 } Wanting in the account. The year 1646 supplied by bishop Fleetwood.	0	0	0
1643 }	0	0	0
1644 }	0	0	0
1645 }	0	0	0
1646	2	8	0
1647 -	3	13	8
1648 -	4	5	0
1649 -	4	0	0
1650 -	3	16	8
1651 -	3	13	4
1652 -	2	9	6
1653 -	1	15	6
1654 -	1	6	0
1655 -	1	13	4
1656 -	2	3	0
1657 -	2	6	8
1658 -	3	5	0
1659 -	3	6	0
1660 -	2	16	6
1661 -	3	10	0
1662 -	3	14	0
1663 -	2	17	0
1664 -	2	0	6
1665 -	2	9	4
1666 -	1	16	0
1667 -	1	16	0
1668 -	2	0	0
1669 -	2	4	4
1670 -	2	1	8
Carry over,	79	14	10

Years.	Wheat per quarter. £.	s.	d.
Brought over,	79	14	10
1671 -	2	2	0
1672 -	2	1	0
1673 -	2	6	8
1674 -	3	8	8
1675 -	3	4	8
1676 -	1	18	0
1677 -	2	2	0
1678 -	2	19	0
1679 -	3	0	0
1680 -	2	5	0
1681 -	2	6	8
1682 -	2	4	0
1683 -	2	0	0
1684 -	2	4	0
1685 -	2	6	8
1686 -	1	14	0
1687 -	1	5	2
1688 -	2	6	0
1689 -	1	10	0
1690 -	1	14	8
1691 -	1	14	0
1692 -	2	6	8
1693 -	3	7	8
1694 -	3	4	0
1695 -	2	13	0
1696 -	3	11	0
1697 -	3	0	0
1698 -	3	8	4
1699 -	3	4	0
1700 -	2	0	0
60)	153	1	8
	2	11	0 1/2

Years.	Wheat per quarter. £.	s.	d.
1701 -	1	17	8
1702 -	1	9	6
1703 -	1	16	0
1704 -	2	6	6
1705 -	1	10	0
1706 -	1	6	0
1707 -	1	8	6
1708 -	2	1	6
1709 -	3	18	6
1710 -	3	18	0
1711 -	2	14	0
1712 -	2	6	4
1713 -	2	11	0
1714 -	2	10	4
1715 -	2	3	0
1716 -	2	8	0
1717 -	2	5	8
1718 -	1	18	10
1719 -	1	15	0
1720 -	1	17	0
1721 -	1	17	6
1722 -	1	16	0
1723 -	1	14	8
1724 -	1	17	0
1725 -	2	8	6
1726 -	2	6	0
1727 -	2	2	0
1728 -	2	14	6
1729 -	2	6	10
1730 -	1	16	6
1731 -	1	12	10
1732 -	1	6	8
1733 -	1	8	4
Carry over,	69	8	8

Years.	Wheat per quarter. £.	s.	d.
Brought over,	69	8	8
1734 -	1	18	10
1735 -	2	3	0
1736 -	2	0	4
1737 -	1	18	0
1738 -	1	15	6
1739 -	1	18	6
1740 -	2	10	8
1741 -	2	6	8
1742 -	1	14	0
1743 -	1	4	10
1744 -	1	4	10
1745 -	1	7	6
1746 -	1	19	0
1747 -	1	14	10
1748 -	1	17	0
1749 -	1	17	0
1750 -	1	12	6
1751 -	1	18	6
1752 -	2	1	10
1753 -	2	4	8
1754 -	1	14	8
1755 -	1	13	10
1756 -	2	5	3
1757 -	3	0	0
1758 -	2	10	0
1759 -	1	19	10
1760 -	1	16	6
1761 -	1	10	3
1762 -	1	19	0
1763 -	2	0	9
1764 -	2	6	9
64)	129	13	6
	2	0	6 1/2

Years.	Wheat per quarter. £.	s.	d.
1731 -	1	12	10
1732 -	1	6	8
1733 -	1	8	4
1734 -	1	18	10
1735 -	2	3	0
1736 -	2	0	4
1737 -	1	18	0
1738 -	1	15	6
1739 -	1	18	6
1740 -	2	10	8
	10) 18	12	8
	1	17	$3\frac{1}{5}$

Years.	Wheat per quarter. £.	s.	d.
1741 -	2	6	8
1742 -	1	14	0
1743 -	1	4	10
1744 -	1	4	10
1745 -	1	7	6
1746 -	1	19	0
1747 -	1	14	10
1748 -	1	17	0
1749 -	1	17	0
1750 -	1	12	6
	10) 16	18	2
	1	13	$9\frac{4}{5}$

BOOK II.

Of the Nature, Accumulation, and Employment of Stock.

INTRODUCTION.

IN that rude ſtate of ſociety in which there is no diviſion of labour, in which exchanges are ſeldom made, and in which every man provides every thing for himſelf, it is not neceſſary that any ſtock ſhould be accumulated or ſtored up beforehand in order to carry on the buſineſs of the ſociety. Every man endeavours to ſupply by his own induſtry his own occaſional wants as they occur. When he is hungry, he goes to the foreſt to hunt; when his coat is worn out, he cloaths himſelf with the ſkin of the firſt large animal he kills: and when his hut begins to go to ruin, he repairs it, as well as he can, with the trees and the turf that are neareſt it.

BUT when the diviſion of labour has once been thoroughly introduced, the produce of a man's own labour can ſupply but a very ſmall part of his occaſional wants. The far greater part of them are ſupplied by the produce of other mens labour, which he purchaſes with the produce, or, what is the ſame thing, with the price of the produce of his own. But this purchaſe cannot be made till ſuch time as the produce of his own labour has not only been compleated, but ſold. A ſtock of goods of different kinds, therefore, muſt be ſtored up ſomewhere ſufficient to maintain him, and to ſupply him with the materials and tools of his work till ſuch time, at leaſt, as both theſe events can be brought about. A weaver cannot apply himſelf entirely to his peculiar buſineſs, unleſs there is beforehand ſtored up ſomewhere, either in his own poſſeſſion or in that of ſome other perſon, a ſtock ſufficient

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ſufficient to maintain him, and to ſupply him with the materials and tools of his work, till he has not only compleated, but ſold his web. This accumulation muſt, evidently, be previous to his applying his induſtry for ſo long a time to ſuch a peculiar buſineſs.

As the accumulation of ſtock muſt, in the nature of things, be previous to the diviſion of labour, ſo labour can be more and more ſubdivided in proportion only as ſtock is previouſly more and more accumulated. The quantity of materials which the ſame number of people can work up, increaſes in a great proportion as labour comes to be more and more ſubdivided; and as the operations of each workman are gradually reduced to a greater degree of ſimplicity, a variety of new machines come to be invented for facilitating and abridging thoſe operations. As the diviſion of labour advances, therefore, in order to give conſtant employment to an equal number of workmen, an equal ſtock of proviſions, and a greater ſtock of materials and tools than what would have been neceſſary in a ruder ſtate of things, muſt be accumulated beforehand. But the number of workmen in every branch of buſineſs generally increaſes with the diviſion of labour in that branch, or rather it is the increaſe of their number which enables them to claſs and ſubdivide themſelves in this manner.

As the accumulation of ſtock is previouſly neceſſary for carrying on this great improvement in the productive powers of labour, ſo that accumulation naturally leads to this improvement. The perſon who employs his ſtock in maintaining labour, neceſſarily wiſhes to employ it in ſuch a manner as to produce as great a quantity of work as poſſible. He endeavours, therefore, both to make among his workmen the moſt proper diſtribution of employment, and to furniſh them with the beſt machines which he can either invent or afford to purchaſe. His abilities in both theſe reſpects are generally in proportion to the extent of his ſtock, or to the number of people whom it can employ. The quantity of induſtry, therefore, not only increaſes in every country with the increaſe of the ſtock which employs it, but, in conſequence of that increaſe, the ſame quantity of induſtry produces a much greater quantity of work.

Such

SUCH are in general the effects of the increaſe of ſtock upon induſtry and its productive powers.

IN the following book I have endeavoured to explain the nature of ſtock, the effects of its accumulation into capitals of different kinds, and the effects of the different employments of thoſe capitals. This book is divided into five chapters. In the firſt chapter, I have endeavoured to ſhew what are the different parts or branches into which the ſtock, either of an individual, or of a great ſociety, naturally divides itſelf. In the ſecond, I have endeavoured to explain the nature and operation of money conſidered as a particular branch of the general ſtock of the ſociety. The ſtock which is accumulated into a capital, may either be employed by the perſon to whom it belongs, or it may be lent to ſome other perſon. In the third and fourth chapters, I have endeavoured to examine the manner in which it operates in both theſe ſituations. The fifth and laſt chapter treats of the different effects which the different employments of capital immediately produce upon the quantity both of national induſtry, and of the annual produce of land and labour.

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CHAP. I.

Of the Diviſion of Stock.

WHEN the ſtock which a man poſſeſſes is no more than ſufficient to maintain him for a few days or a few weeks, he ſeldom thinks of deriving any revenue from it. He conſumes it as ſparingly as he can, and endeavours by his labour to acquire ſomething which may ſupply its place before it be conſumed altogether. His revenue is, in this caſe, derived from his labour only. This is the ſtate of the greater part of the labouring poor in all countries.

BUT when he poſſeſſes ſtock ſufficient to maintain him for months or years, he naturally endeavours to derive a revenue from the greater part of it; reſerving only ſo much for his immediate conſumption as may maintain him till this revenue begins to come in. His whole ſtock, therefore, is diſtinguiſhed into two parts. That part which, he expects, is to afford him this revenue, is called his capital. The other is that which ſupplies his immediate conſumption; and which conſiſts either, firſt, in that portion of his whole ſtock which was originally reſerved for this purpoſe; or, ſecondly, in his revenue, from whatever ſource derived, as it gradually comes in; or, thirdly, in ſuch things as had been purchaſed by either of theſe in former years, and which are not yet entirely conſumed; ſuch as a ſtock of cloaths, houſehold furniture, and the like. In one, or other, or all of theſe three articles, conſiſts the ſtock which men commonly reſerve for their own immediate conſumption.

THERE are two different ways in which a capital may be employed ſo as to yield a revenue or profit to its employer.

FIRST, it may be employed in raiſing, manufacturing, or purchaſing goods, and ſelling them again with a profit. The capital employed in this manner yields no revenue or profit to

to its employer, while it either remains in his poſſeſſion, or continues in the ſame ſhape. The goods of the merchant yield him no revenue or profit till he ſells them for money, and the money yields him as little till it is again exchanged for goods. His capital is continually going from him in one ſhape, and returning to him in another, and it is only by means of ſuch circulation, or ſucceſſive exchanges, that it can yield him any profit. Such capitals, therefore, may very properly be called circulating capitals.

SECONDLY, it may be employed in the improvement of land, in the purchaſe of uſeful machines and inſtruments of trade, or in ſuch-like things as yield a revenue or profit without changing maſters, or circulating any further. Such capitals, therefore, may very properly be called fixed capitals.

DIFFERENT occupations require very different proportions between the fixed and circulating capitals employed in them.

THE capital of a merchant, for example, is altogether a circulating capital. He has occaſion for no machines or inſtruments of trade, unleſs his ſhop, or warehouſe, be conſidered as ſuch.

SOME part of the capital of every maſter artificer or manufacturer muſt be fixed in the inſtruments of his trade. This part, however, is very ſmall in ſome, and very great in others. A maſter taylor requires no other inſtruments of trade but a parcel of needles. Thoſe of the maſter ſhoemaker are a little, though but a very little, more expenſive. Thoſe of the weaver riſe a good deal above thoſe of the ſhoemaker. The far greater part of the capital of all ſuch maſter artificers, however, is circulated, either in the wages of their workmen, or in the price of their materials, and repaid with a profit by the price of the work.

IN other works a much greater fixed capital is required. In a great iron-work, for example, the furnace for melting the ore, the forge, the ſlitt-mill, are inſtruments of trade which cannot be erected without a very great expence. In coal-works and mines of every kind, the machinery neceſſary

both for drawing out the water and for other purpoſes, is frequently ſtill more expenſive.

THAT part of the capital of the farmer which is employed in the inſtruments of agriculture is a fixed; that which is employed in the wages and maintenance of his labouring ſervants, is a circulating capital. He makes a profit of the one by keeping it in his own poſſeſſion, and of the other by parting with it. The price or value of his labouring cattle is a fixed capital in the ſame manner as that of the inſtruments of huſbandry: Their maintenance is a circulating capital in the ſame manner as that of the labouring ſervants. The farmer makes his profit by keeping the labouring cattle, and by parting with their maintenance. Both the price and the maintenance of the cattle which are bought in and fattened, not for labour, but for ſale, are a circulating capital. The farmer makes his profit by parting with them. A flock of ſheep or a herd of cattle that, in a breeding country, is bought in, neither for labour, nor for ſale, but in order to make a profit by their wool, by their milk, and by their increaſe, is a fixed capital. The profit is made by keeping them. Their maintenance is a circulating capital. The profit is made by parting with it; and it comes back with both its own profit, and the profit upon the whole price of the cattle, in the price of the wool, the milk, and the increaſe. The whole value of the ſeed too is properly a fixed capital. Though it goes backwards and forwards between the ground and the granary, it never changes maſters, and therefore does not properly circulate. The farmer makes his profit, not by its ſale, but by its increaſe.

THE general ſtock of any country or ſociety is the ſame with that of all its inhabitants or members, and therefore naturally divides itſelf into the ſame three portions, each of which has a diſtinct function or office.

THE Firſt, is that portion which is reſerved for immediate conſumption, and of which the characteriſtic is, that it affords no revenue or profit. It conſiſts in the ſtock of food, cloaths, houſehold furniture, &c. which have been purchaſed by their proper conſumers, but which are not yet entirely conſumed. The whole ſtock of mere dwelling-houſes too ſubſiſting at any one time in the country, make a part of this firſt portion. The ſtock that is laid out in a houſe, if it

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is to be the dwelling-houſe of the proprietor, ceaſes from that moment to ſerve in the function of a capital, or to afford any revenue to its owner. A dwelling houſe, as ſuch, contributes nothing to the revenue of its inhabitant; and though it is, no doubt, extremely uſeful to him, it is as his cloaths and houſehold furniture are uſeful to him, which, however, make a part of his expence, and not of his revenue. If it is to be lett to a tenant for rent, as the houſe itſelf can produce nothing, the tenant muſt always pay the rent out of ſome other revenue which he derives either from labour, or ſtock, or land. Though a houſe, therefore, may yield a revenue to its proprietor, and thereby ſerve in the function of a capital to him, it cannot yield any to the public, nor ſerve in the function of a capital to it, and the revenue of the whole body of the people can never be in the ſmalleſt degree increaſed by it. Cloaths, and houſehold furniture, in the ſame manner, ſometimes yield a revenue, and thereby ſerve in the function of a capital to particular perſons. In countries where maſquerades are common, it is a trade to let out maſquerade dreſſes for a night. Upholſterers frequently lett furniture by the month or by the year. Undertakers lett the furniture of funerals by the day and by the week. Many people lett furniſhed houſes, and get a rent, not only for the uſe of the houſe, but for that of the furniture. The revenue, however, which is derived from ſuch things, muſt always be ultimately drawn from ſome other ſource of revenue. Of all parts of the ſtock, either of an individual, or of a ſociety, reſerved for immediate conſumption, what is laid out in houſes is moſt ſlowly conſumed. A ſtock of cloaths may laſt ſeveral years: a ſtock of furniture half a century or a century: but a ſtock of houſes, well built and properly taken care of, may laſt many centuries. Though the period of their total conſumption, however, is more diſtant, they are ſtill as really a ſtock reſerved for immediate conſumption, as either cloaths or houſehold furniture.

THE Second of the three portions into which the general ſtock of the ſociety divides itſelf, is the fixed capital; of which the characteriſtic is, that it affords a revenue or profit without circulating or changing maſters. It conſiſts chiefly of the four following articles:

FIRST, of all useful machines and instruments of trade which facilitate and abridge labour:

SECONDLY, of all those profitable buildings which are the means of procuring a revenue, not only to their proprietor who letts them for a rent, but to the person who possesses them and pays that rent for them; such as shops, warehouses, workhouses, farmhouses, with all their necessary buildings; stables, granaries, &c. These are very different from mere dwelling houses. They are a sort of instruments of trade, and may be considered in the same light:

THIRDLY, of the improvements of land, of what has been profitably laid out in clearing, draining, enclosing, manuring, and reducing it into the condition most proper for tillage and culture. An improved farm may very justly be regarded in the same light as those useful machines which facilitate and abridge labour, and by means of which, an equal circulating capital can afford a much greater revenue to its employer. An improved farm is equally advantageous and more durable than any of those machines, frequently requiring no other repairs than the most profitable application of the farmer's capital employed in cultivating it:

FOURTHLY, of the acquired and useful abilities of all the inhabitants or members of the society. The acquisition of such talents, by the maintenance of the acquirer during his education, study, or apprenticeship, always costs a real expence, which is a capital fixed and realized, as it were, in his person. Those talents, as they make a part of his fortune, so do they likewise of that of the society to which he belongs. The improved dexterity of a workman may be considered in the same light as a machine or instrument of trade which facilitates and abridges labour, and which, though it costs a certain expence, repays that expence with a profit.

THE third and last of the three portions into which the general stock of the society naturally divides itself, is the circulating capital; of which the characteristic is, that it affords a revenue only by circulating or changing masters. It is composed likewise of four parts:

FIRST, of the money by means of which all the other three are circulated and distributed to their proper consumers:

SECONDLY,

SECONDLY, of the ſtock of proviſions which are in the poſſeſſion of the butcher, the grazier, the farmer, the corn-merchant, the brewer, &c. and from the ſale of which they expect to derive a profit:

THIRDLY, of the materials, whether altogether rude, or more or leſs manufactured, of cloaths, furniture, and building, which are not yet made up into any of thoſe three ſhapes, but which remain in the hands of the growers, the manufacturers, the mercers and drapers, the timber-merchants, the carpenters and joiners, the brick-makers, &c.

FOURTHLY, and laſtly, of the work which is made up and compleated, but which is ſtill in the hands of the merchant or manufacturer, and not yet diſpoſed of or diſtributed to the proper conſumers; ſuch as the finiſhed work which we frequently find ready-made in the ſhops of the ſmith, the cabinet-maker, the goldſmith, the jeweller, the china-merchant, &c. The circulating capital conſiſts in this manner, of the proviſions, materials, and finiſhed work of all kinds that are in the hands of their reſpective dealers, and of the money that is neceſſary for circulating and diſtributing them to thoſe who are finally to uſe, or to conſume them.

OF theſe four parts three, proviſions, materials, and finiſhed work, are, either annually, or in a longer or ſhorter period, regularly withdrawn from it, and placed either in the fixed capital or in the ſtock reſerved for immediate conſumption.

EVERY fixed capital is both originally derived from, and requires to be continually ſupported by a circulating capital. All uſeful machines and inſtruments of trade are originally derived from a circulating capital, which furniſhes the materials of which they are made, and the maintenance of the workmen who make them. They require too a capital of the ſame kind to keep them in conſtant repair.

No fixed capital can yield any revenue but by means of a circulating capital. The moſt uſeful machines and inſtruments of trade will produce nothing without the circulating capital which affords the materials they are employed upon, and the maintenance of the workmen who employ them. Land, however improved, will yield no revenue without a circulating

circulating capital, which maintains the labourers who cultivate and collect its produce.

To maintain and augment the ſtock which may be reſerved for immediate conſumption, is the ſole end and purpoſe both of the fixed and circulating capitals. It is this ſtock which feeds, cloaths, and lodges the people. Their riches or poverty depends upon the abundant or ſparing ſupplies which thoſe two capitals can afford to the ſtock reſerved for immediate conſumption.

So great a part of the circulating capital being continually withdrawn from it, in order to be placed in the other two branches of the general ſtock of the ſociety; it muſt in its turn require continual ſupplies, without which it would ſoon ceaſe to exiſt. Theſe ſupplies are principally drawn from three ſources, the produce of land, of mines, and of fiſheries. Theſe afford continual ſupplies of proviſions and materials, of which part is afterwards wrought up into finiſhed work, and by which are replaced the proviſions, materials, and finiſhed work continually withdrawn from the circulating capital. From mines too is drawn what is neceſſary for maintaining and augmenting that part of it which conſiſts in money. For though, in the ordinary courſe of buſineſs, this part is not, like the other three, neceſſarily withdrawn from it, in order to be placed in the other two branches of the general ſtock of the ſociety, it muſt, however, like all other things, be waſted and worn out at laſt, and ſometimes too be either loſt or ſent abroad, and muſt, therefore, require continual, though, no doubt, much ſmaller ſupplies.

LAND, mines, and fiſheries, require all both a fixed and a circulating capital to cultivate them; and their produce replaces with a profit, not only thoſe capitals, but all the others in the ſociety. Thus the farmer annually replaces to the manufacturer the proviſions which he had conſumed, and the materials which he had wrought up the year before; and the manufacturer replaces to the farmer the finiſhed work which he had waſted and worn out in the ſame time. This is the real exchange that is annually made between thoſe two orders of people, though it ſeldom happens that the rude produce of the one and the manufactured produce of the other, are directly bartered for one another; becauſe it ſeldom happens that the farmer ſells his corn and his cattle, his flax and his

his wool, to the very ſame perſon of whom he chuſes to purchaſe the cloaths, furniture, and inſtruments of trade which he wants. He ſells, therefore, his rude produce for money, with which he can purchaſe, wherever it is to be had, the manufactured produce he has occaſion for. Land even replaces, in part, at leaſt, the capitals with which fiſheries and mines are cultivated. It is the produce of land which draws the fiſh from the waters; and it is the produce of the ſurface of the earth which extracts the minerals from its bowels.

THE produce of land, mines, and fiſheries, when their natural fertility is equal, is in proportion to the extent and proper application of the capitals employed about them. When the capitals are equal and equally well applied, it is in proportion to their natural fertility.

IN all countries where there is tolerable ſecurity, every man of common underſtanding will endeavour to employ whatever ſtock he can command in procuring either preſent enjoyment or future profit. If it is employed in procuring preſent enjoyment, it is a ſtock reſerved for immediate conſumption. If it is employed in procuring future profit, it muſt procure this profit either by ſtaying with him, or by going from him. In the one caſe it is a fixed, in the other it is a circulating capital. A man muſt be perfectly crazy who, where there is tolerable ſecurity, does not employ all the ſtock which he commands, whether it be his own or borrowed of other people, in ſome one or other of thoſe three ways.

IN thoſe unfortunate countries, indeed, where men are continually afraid of the violence of their ſuperiors, they frequently bury and conceal a great part of their ſtock, in order to have it always at hand to carry with them to ſome place of ſafety, in caſe of their being threatened with any of thoſe diſaſters to which they conſider themſelves as at all times expoſed. This is ſaid to be a common practice in Turkey, in Indoſtan, and, I believe, in moſt other governments of Aſia. It ſeems to have been a common practice among our anceſtors during the violence of the feudal government. Treaſure-trove was in thoſe times conſidered as no contemptible part of the revenue of the greateſt ſovereigns in Europe. It conſiſted in ſuch treaſure as was found concealed in the earth, and to which no particular perſon could prove any right. This

This was regarded in thoſe times as ſo important an object, that it was always conſidered as belonging to the ſovereign, and neither to the finder nor to the proprietor of the land, unleſs the right to it had been conveyed to the latter by an expreſs clauſe in his charter. It was put upon the ſame footing with gold and ſilver mines, which, without a ſpecial clauſe in the charter, were never ſuppoſed to be comprehended in the general grant of the lands, though mines of lead, copper, tin, and coal were, as things of ſmaller conſequence.

CHAP.

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CHAP. II.

Of Money conſidered as a particular Branch of the general Stock of the Society, or of the Expence of maintaining the National Capital.

IT has been ſhewn in the firſt Book, that the price of the greater part of commodities reſolves itſelf into three parts, of which one pays the wages of the labour, another the profits of the ſtock, and a third the rent of the land which had been employed in producing and bringing them to market: that there are, indeed, ſome commodities of which the price is made up of two of thoſe parts only, the wages of labour, and the profits of ſtock: and a very few in which it conſiſts altogether in one, the wages of labour: but that the price of every commodity neceſſarily reſolves itſelf into ſome one, or other, or all of theſe three parts; every part of it which goes neither to rent nor to wages, being neceſſarily profit to ſomebody.

SINCE this is the caſe, it has been obſerved, with regard to every particular commodity, taken ſeparately; it muſt be ſo with regard to all the commodities which compoſe the whole annual produce of the land and labour of every country, taken complexly. The whole price or exchangeable value of that annual produce, muſt reſolve itſelf into the ſame three parts, and be parcelled out among the different inhabitants of the country, either as the wages of their labour, the profits of their ſtock, or the rent of their land.

BUT though the whole value of the annual produce of the land and labour of every country is thus divided among and conſtitutes a revenue to its different inhabitants, yet as in the rent of a private eſtate we diſtinguiſh between the groſs rent and the neat rent, ſo may we likewiſe in the revenue of all the inhabitants of a great country.

THE groſs rent of a private eſtate comprehends whatever is paid by the farmer; the neat rent, what remains free to the

the landlord, after deducting the expence of management, of repairs, and all other neceſſary charges; or what, without hurting his eſtate, he can afford to place in his ſtock reſerved for immediate conſumption, or to ſpend upon his table, equipage, the ornaments of his houſe and furniture, his private enjoyments and amuſements. His real wealth is in proportion, not to his groſs, but to his neat rent.

THE groſs revenue of all the inhabitants of a great country, comprehends the whole annual produce of their land and labour; the neat revenue, what remains free to them after deducting the expence of maintaining; firſt, their fixed; and, ſecondly, their circulating capital; or what, without encroaching upon their capital, they can place in their ſtock reſerved for immediate conſumption, or ſpend upon their ſubſiſtence, conveniencies and amuſements. Their real wealth too is in proportion, not to their groſs, but to their neat revenue.

THE whole expence of maintaining the fixed capital, muſt evidently be excluded from the neat revenue of the ſociety. Neither the materials neceſſary for ſupporting their uſeful machines and inſtruments of trade, their profitable buildings, &c. nor the produce of the labour neceſſary for faſhioning thoſe materials into the proper form, can ever make any part of it. The price of that labour may indeed make a part of it; as the workmen ſo employed may place the whole value of their wages in their ſtock reſerved for immediate conſumption. But in other ſorts of labour, both the price and the produce go to this ſtock, the price to that of the workmen, the produce to that of other people, whoſe ſubſiſtence, conveniencies, and amuſements, are augmented by the labour of thoſe workmen.

THE intention of the fixed capital is to increaſe the productive powers of labour, or to enable the ſame number of labourers to perform a much greater quantity of work. In a farm where all the neceſſary buildings, fences, drains, communications, &c. are in the moſt perfect good order, the ſame number of labourers and labouring cattle will raiſe a much greater produce, than in one of equal extent and equally good ground, but not furniſhed with equal conveniencies. In manufactures the ſame number of hands, aſſiſted with the beſt machinery, will work up a much greater quantity of goods than with more imperfect inſtruments of trade.

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The expence which is properly laid out upon a fixed capital of any kind, is always repaid with great profit, and increaſes the annual produce by a much greater value than that of the ſupport which ſuch improvements require. This ſupport, however, ſtill requires a certain portion of that produce. A certain quantity of materials, and the labour of a certain number of workmen, both of which might have been immediately employed to augment the food, cloathing and lodging, the ſubſiſtence and conveniencies of the ſociety, are thus diverted to another employment, highly advantageous indeed, but ſtill different from this one. It is upon this account that all ſuch improvements in mechanicks, as enable the ſame number of workmen to perform an equal quantity of work, with cheaper and ſimpler machinery than had been uſual before, are always regarded as advantageous to every ſociety. A certain quantity of materials, and the labour of a certain number of workmen, which had before been employed in ſupporting a more complex and expenſive machinery, can afterwards be applied to augment the quantity of work which that or any other machinery is uſeful only for performing. The undertaker of ſome great manufactory who employs a thouſand a-year in the maintenance of his machinery, if he can reduce this expence to five hundred, will naturally employ the other five hundred in purchaſing an additional quantity of materials to be wrought up by an additional number of workmen. The quantity of that work, therefore, which his machinery was uſeful only for performing, will naturally be augmented, and with it all the advantage and conveniency which the ſociety can derive from that work.

THE expence of maintaining the fixed capital in a great country, may very properly be compared to that of repairs in a private eſtate. The expence of repairs may frequently be neceſſary for ſupporting the produce of the eſtate, and conſequently both the groſs and the neat rent of the landlord. When by a more proper direction, however, it can be diminiſhed without occaſioning any diminution of produce, the groſs rent remains at leaſt the ſame as before, and the neat rent is neceſſarily augmented.

BUT though the whole expence of maintaining the fixed capital is thus neceſſarily excluded from the neat revenue of the ſociety, it is not the ſame caſe with that of maintaining the circulating capital. Of the four parts of which this latter capital is compoſed, money, proviſions, materials, and finiſhed work,

work, the three laſt, it has already been obſerved, are regularly withdrawn from it, and placed either in the fixed capital of the ſociety, or in their ſtock reſerved for immediate conſumption. Whatever portion of thoſe conſumable goods is not employed in maintaining the former, goes all to the latter, and makes a part of the neat revenue of the ſociety. The maintenance of thoſe three parts of the circulating capital, therefore, withdraws no portion of the annual produce from the neat revenue of the ſociety, beſides what is neceſſary for maintaining the fixed capital.

THE circulating capital of a ſociety is in this reſpect different from that of an individual. That of an individual is totally excluded from making any part of his neat revenue, which muſt conſiſt altogether in his profits. But though the circulating capital of every individual makes a part of that of the ſociety to which he belongs, it is not upon that account totally excluded from making a part likewiſe of their neat revenue. Though the whole goods in a merchant's ſhop muſt by no means be placed in his own ſtock reſerved for immediate conſumption, they may in that of other people, who, from a revenue derived from other funds, may regularly replace their value to him, together with its profits, without occaſioning any diminution either of his capital or of theirs.

MONEY, therefore, is the only part of the circulating capital of a ſociety, of which the maintenance can occaſion any diminution in their neat revenue.

THE fixed capital, and that part of the circulating capital which conſiſts in money ſo far as they affect the revenue of the ſociety, bear a very great reſemblance to one another.

FIRST, as thoſe machines and inſtruments of trade, &c. require a certain expence, firſt to erect them, and afterwards to ſupport them, both which expences, though they make a part of the groſs, are deductions from the neat revenue of the ſociety; ſo the ſtock of money which circulates in any country muſt require a certain expence, firſt to collect it, and afterwards to ſupport it, both which expences, though they make a part of the groſs, are, in the ſame manner, deductions from the neat revenue of the ſociety. A certain quantity of very valuable materials, gold and ſilver, and of very curious labour, inſtead of augmenting the ſtock reſerved for

for immediate consumption, the subsistence, conveniencies, and amusements, of individuals, is employed in supporting that great but expensive instrument of commerce, by means of which every individual in the society has his subsistence, conveniencies, and amusements, regularly distributed to him in their proper proportions.

SECONDLY, as the machines and instruments of trade, &c. which compose the fixed capital either of an individual or of a society, make no part either of the gross or of the neat revenue of either; so money, by means of which the whole revenue of the society is regularly distributed among all its different members, makes itself no part of that revenue. The great wheel of circulation is altogether different from the goods which are circulated by means of it. The revenue of the society consists altogether in those goods, and not in the wheel which circulates them. In computing either the gross or the neat revenue of any society, we must always, from their whole annual circulation of money and goods, deduct the whole value of the money, of which not a single farthing can ever make any part of either.

IT is the ambiguity of language only which can make this proposition appear either doubtful or paradoxical. When properly explained and understood, it is almost self-evident.

WHEN we talk of any particular sum of money, we sometimes mean nothing but the metal pieces of which it is composed; and sometimes we include in our meaning some obscure reference to the goods which can be had in exchange for it, or to the power of purchasing which the possession of it conveys. Thus when we say, that the circulating money of England has been computed at eighteen millions, we mean only to express the amount of the metal pieces, which some writers have computed, or rather have supposed to circulate in that country. But when we say that a man is worth fifty or a hundred pounds a-year, we mean commonly to express not only the amount of the metal pieces which are annually paid to him, but the value of the goods which he can annually purchase or consume. We mean commonly to ascertain what is or ought to be his way of living, or the quantity and quality of the necessaries and conveniencies of life in which he can with propriety indulge himself.

WHEN, by any particular sum of money, we mean not only to express the amount of the metal pieces of which it is composed,

compoſed, but to include in its ſignification ſome obſcure reference to the goods which can be had in exchange for them, the wealth or revenue which it in this caſe denotes, is equal only to one of the two values which are thus intimated ſomewhat ambiguouſly by the ſame word, and to the latter more properly than to the former, to the money's worth more properly than to the money.

THUS if a guinea be the weekly penſion of a particular perſon, he can in the courſe of the week purchaſe with it a certain quantity of ſubſiſtence, conveniencies, and amuſements. In proportion as this quantity is great or ſmall, ſo are his real riches, his real weekly revenue. His weekly revenue is certainly not equal both to the guinea, and to what can be purchaſed with it, but only to one or other of thoſe two equal values; and to the latter more properly than to the former, to the guinea's worth rather than to the guinea.

IF the penſion of ſuch a perſon was paid to him, not in gold, but in a weekly bill for a guinea, his revenue ſurely would not ſo properly conſiſt in the piece of paper, as in what he could get for it. A guinea may be conſidered as a bill for a certain quantity of neceſſaries and conveniences upon all the tradeſmen in the neighbourhood. The revenue of the perſon to whom it is paid, does not ſo properly conſiſt in the piece of gold, as in what he can get for it, or in what he can exchange it for. If it could be exchanged for nothing, it would, like a bill upon a bankrupt, be of no more value than the moſt uſeleſs piece of paper.

THOUGH the weekly, or yearly revenue of all the different inhabitants of any country, in the ſame manner, may be, and in reality frequently is paid to them in money, their real riches, however, the real weekly or yearly revenue of all of them taken together, muſt always be great or ſmall in proportion to the quantity of conſumable goods which they can all of them purchaſe with this money. The whole revenue of all of them taken together is evidently not equal to both the money and the conſumable goods; but only to one or other of thoſe two values, and to the latter more properly than to the former.

THOUGH we frequently, therefore, expreſs a perſon's revenue by the metal pieces which are annually paid to him, it is becauſe the amount of thoſe pieces regulates the extent of

of his power of purchaſing, or the value of the goods which he can annually afford to conſume. We ſtill conſider his revenue as conſiſting in this power of purchaſing or conſuming, and not in the pieces which convey it.

BUT if this is ſufficiently evident even with regard to an individual, it is ſtill more ſo with regard to a ſociety. The amount of the metal pieces which are annually paid to an individual, is often preciſely equal to his revenue, and is upon that account the ſhorteſt and beſt expreſſion of its value. But the amount of the metal pieces which circulate in a ſociety, can never be equal to the revenue of all its members. As the ſame guinea which pays the weekly penſion of one man to-day, may pay that of another to-morrow, and that of a third the day thereafter, the amount of the metal pieces which annually circulate in any country, muſt always be of much leſs value than the whole money penſions annually paid with them. But the power of purchaſing, or the goods which can ſucceſſively be bought with the whole of thoſe money penſions as they are ſucceſſively paid, muſt always be preciſely of the ſame value with thoſe penſions; as muſt likewiſe be the revenue of the different perſons to whom they are paid. That revenue, therefore, cannot conſiſt in thoſe metal pieces, of which the amount is ſo much inferior to its value, but in the power of purchaſing, in the goods which can ſucceſſively be bought with them as they circulate from hand to hand.

MONEY, therefore, the great wheel of circulation, the great inſtrument of commerce, like all other inſtruments of trade, though it makes a part and a very valuable part of the capital, makes no part of the revenue of the ſociety to which it belongs; and though the metal pieces of which it is compoſed, in the courſe of their annual circulation, diſtribute to every man the revenue which properly belongs to him, they make themſelves no part of that revenue.

THIRDLY, and laſtly, the machines and inſtruments of trade, &c. which compoſe the fixed capital, bear this further reſemblance to that part of the circulating capital which conſiſts in money; that as every ſaving in the expence of erecting and ſupporting thoſe machines, which does not diminiſh the productive powers of labour, is an improvement of the neat revenue of the ſociety; ſo every ſaving in the expence of collecting and ſupporting that part of the circulating capital which

which conſiſts in money, is an improvement of exactly the ſame kind.

It is ſufficiently obvious, and it has partly too been explained already, in what manner every ſaving in the expence of ſupporting the fixed capital is an improvement of the neat revenue of the ſociety. The whole capital of the undertaker of every work is neceſſarily divided between his fixed and his circulating capital. While his whole capital remains the ſame, the ſmaller the one part, the greater muſt neceſſarily be the other. It is the circulating capital which furniſhes the materials and wages of labour, and puts induſtry into motion. Every ſaving, therefore, in the expence of maintaining the fixed capital, which does not diminiſh the productive powers of labour, muſt increaſe the fund which puts induſtry into motion, and conſequently the annual produce of land and labour, the real revenue of every ſociety.

The ſubſtitution of paper in the room of gold and ſilver money, replaces a very expenſive inſtrument of commerce with one much leſs coſtly, and ſometimes equally convenient. Circulation comes to be carried on by a new wheel, which it coſts leſs both to erect and to maintain than the old one. But in what manner this operation is performed, and in what manner it tends to increaſe either the groſs or the neat revenue of the ſociety, is not altogether ſo obvious, and may therefore require ſome further explication.

There are ſeveral different ſorts of paper money; but the circulating notes of banks and bankers are the ſpecies which is beſt known, and which ſeems beſt adapted for this purpoſe.

When the people of any particular country have ſuch confidence in the fortune, probity, and prudence of a particular banker, as to believe that he is always ready to pay upon demand ſuch of his promiſſory notes as are likely to be at any time preſented to him; thoſe notes come to have the ſame currency as gold and ſilver money, from the confidence that ſuch money can at any time be had for them.

A particular banker lends among his cuſtomers his own promiſſory notes, to the extent, we ſhall ſuppoſe, of a hundred thouſand pounds. As thoſe notes ſerve all the purpoſes

poſes of money, his debtors pay him the ſame intereſt as if he had lent them ſo much money. This intereſt is the ſource of his gain. Though ſome of thoſe notes are continually coming back upon him for payment, part of them continue to circulate for months and years together. Though he has generally in circulation, therefore, notes to the extent of a hundred thouſand pounds, twenty thouſand pounds in gold and ſilver may, frequently be a ſufficient proviſion for anſwering occaſional demands. By this operation, therefore, twenty thouſand pounds in gold and ſilver perform all the functions which a hundred thouſand could otherwiſe have performed. The ſame exchanges may be made, the ſame quantity of conſumable goods may be circulated and diſtributed to their proper conſumers, by means of his promiſſory notes, to the value of a hundred thouſand pounds, as by an equal value of gold and ſilver money. Eighty thouſand pounds of gold and ſilver, therefore, can, in this manner, be ſpared from the circulation of the country; and if different operations of the ſame kind ſhould, at the ſame time, be carried on by many different banks and bankers, the whole circulation may thus be conducted with a fifth part only of the gold and ſilver which would otherwiſe have been requiſite.

Let us ſuppoſe, for example, that the whole circulating money of ſome particular country amounted, at a particular time, to one million ſterling, that ſum being then ſufficient for circulating the whole annual produce of their land and labour. Let us ſuppoſe too, that ſometime thereafter, different banks and bankers iſſued promiſſory notes, payable to the bearer, to the extent of one million, reſerving in their different coffers two hundred thouſand pounds for anſwering occaſional demands. There would remain, therefore, in circulation, eight hundred thouſand pounds in gold and ſilver, and a million of bank notes, or eighteen hundred thouſand pounds of paper and money together. But the annual produce of the land and labour of the country had before required only one million to circulate and diſtribute it to its proper conſumers, and that annual produce cannot be immediately augmented by thoſe operations of banking. One million, therefore, will be ſufficient to circulate it after them. The goods to be bought and ſold being preciſely the ſame as before, the ſame quantity of money will be ſufficient for buying and ſelling them. The channel of circulation, if I may be allowed ſuch an expreſſion, will

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remain preciſely the ſame as before. One million we have ſuppoſed ſufficient to fill that channel. Whatever, therefore, is poured into it beyond this ſum, cannot run in it, but muſt overflow. One million eight hundred thouſand pounds are poured into it. Eight hundred thouſand pounds, therefore, muſt overflow, that ſum being over and above what can be employed in the circulation of the country. But though this ſum cannot be employed at home, it is too valuable to be allowed to lie idle. It will, therefore, be ſent abroad, in order to ſeek that profitable employment which it cannot find at home. But the paper cannot go abroad; becauſe at a diſtance from the banks which iſſue it, and from the country in which payment of it can be exacted by law, it will not be received in common payments. Gold and ſilver, therefore, to the amount of eight hundred thouſand pounds will be ſent abroad, and the channel of home circulation will remain filled with a million of paper, inſtead of the million of thoſe metals which filled it before.

But though ſo great a quantity of gold and ſilver is thus ſent abroad, we muſt not imagine that it is ſent abroad for nothing, or that its proprietors make a preſent of it to foreign nations. They will exchange it for foreign goods of ſome kind or another, in order to ſupply the conſumption either of ſome other foreign country, or of their own.

If they employ it in purchaſing goods in one foreign country in order to ſupply the conſumption of another, or in what is called the carrying trade, whatever profit they make will be an addition to the neat revenue of their own country. It is like a new fund, created for carrying on a new trade; domeſtic buſineſs being now tranſacted by paper, and the gold and ſilver being converted into a fund for this new trade.

If they employ it in purchaſing foreign goods for home conſumption, they may either, firſt, purchaſe ſuch goods as are likely to be conſumed by idle people who produce nothing, ſuch as foreign wines, foreign ſilks, &c.; or, ſecondly, they may purchaſe an additional ſtock of materials, tools, and proviſions, in order to maintain and employ an additional number of induſtrious people, who re-produce, with a profit, the value of their annual conſumption.

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So far as it is employed in the firſt way, it promotes prodigality, increaſes expence and conſumption without increaſing production, or eſtabliſhing any permanent fund for ſupporting that expence, and is in every reſpect hurtful to the ſociety.

So far as it is employed in the ſecond way, it promotes induſtry; and though it increaſes the conſumption of the ſociety, it provides a permanent fund for ſupporting that conſumption, the people who conſume re-producing, with a profit, the whole value of their annual conſumption. The groſs revenue of the ſociety, the annual produce of their land and labour, is increaſed by the whole value which the labour of thoſe workmen adds to the materials upon which they are employed; and their neat revenue by what remains of this value, after deducting what is neceſſary for ſupporting the tools and inſtruments of their trade.

THAT the greater part of the gold and ſilver which, being forced abroad by thoſe operations of banking, is employed in purchaſing foreign goods for home conſumption, is and muſt be employed in purchaſing thoſe of this ſecond kind, ſeems not only probable but almoſt unavoidable. Though ſome particular men may ſometimes increaſe their expence very conſiderably though their revenue does not increaſe at all, we may be aſſured that no claſs or order of men ever does ſo; becauſe, though the principles of common prudence do not always govern the conduct of every individual, they always influence that of the majority of every claſs or order. But the revenue of idle people conſidered as a claſs or order, cannot, in the ſmalleſt degree, be increaſed by thoſe operations of banking. Their expence in general, therefore, cannot be much increaſed by them, though that of a few individuals among them may, and in reality ſometimes is. The demand of idle people, therefore, for foreign goods, being the ſame, or very nearly the ſame, as before, a very ſmall part of the money, which being forced abroad by thoſe operations of banking, is employed in purchaſing foreign goods for home conſumption, is likely to be employed in purchaſing thoſe for their uſe. The greater part of it will naturally be deſtined for the employment of induſtry, and not for the maintenance of idleneſs.

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When we compute the quantity of induſtry which the circulating capital of any ſociety can employ, we muſt always have regard to thoſe parts of it only, which conſiſt in proviſions, materials, and finiſhed work: the other, which conſiſts in money, and which ſerves only to circulate thoſe three, muſt always be deducted. In order to put induſtry into motion, three things are requiſite; materials to work upon, tools to work with, and the wages or recompence for the ſake of which the work is done. Money is neither a material to work upon, nor a tool to work with; and though the wages of the workman are commonly paid to him in money, his real revenue, like that of all other men, conſiſts, not in the money, but in the money's worth; not in the metal pieces, but in what can be got for them.

The quantity of induſtry which any capital can employ, muſt, evidently, be equal to the number of workmen whom it can ſupply with materials, tools, and a maintenance ſuitable to the nature of the work. Money may be requiſite for purchaſing the materials and tools of the work, as well as the maintenance of the workmen. But the quantity of induſtry which the whole capital can employ, is certainly not equal both to the money which purchaſes, and to the materials, tools, and maintenance, which are purchaſed with it; but only to one or other of thoſe two values, and to the latter more properly than to the former.

When paper is ſubſtituted in the room of gold and ſilver money, the quantity of the materials, tools, and maintenance, which the whole circulating capital can ſupply, may be increaſed by the whole value of gold and ſilver which uſed to be employed in purchaſing them. The whole value of the great wheel of circulation and diſtribution, is added to the goods which are circulated and diſtributed by means of it. The operation, in ſome meaſure, reſembles that of the undertaker of ſome great work, who, in conſequence of ſome improvement in mechanicks, takes down his old machinery and adds the difference between its price and that of the new to his circulating capital, to the fund from which he furniſhes materials and wages to his workmen.

What is the proportion which the circulating money of any country bears to the whole value of the annual produce circulated by means of it, it is, perhaps, impoſſible to determine.

determine. It has been computed by different authors at a fifth, at a tenth, at a twentieth, and at a thirtieth part of that value. But how ſmall ſoever the proportion which the circulating money may bear to the whole value of the annual produce, as but a part, and frequently but a ſmall part, of that produce, is ever deſtined for the maintenance of induſtry, it muſt always bear a very conſiderable proportion to that part. When, therefore, by the ſubſtitution of paper, the gold and ſilver neceſſary for circulation is reduced to, perhaps, a fifth part of the former quantity, if the value of only the greater part of the other four-fifths be added to the funds which are deſtined for the maintenance of induſtry, it muſt make a very conſiderable addition to the quantity of that induſtry, and, conſequently, to the value of the annual produce of land and labour.

An operation of this kind has, within theſe five-and-twenty or thirty years, been performed in Scotland, by the erection of new banking companies in almoſt every conſiderable town, and even in ſome country villages. The effects of it have been preciſely thoſe above deſcribed. The buſineſs of the country is almoſt entirely carried on by means of the paper of thoſe different banking companies, with which purchaſes and payments of all kinds are commonly made. Silver very ſeldom appears except in the change of a twenty ſhillings bank note, and gold ſtill ſeldomer. But though the conduct of all thoſe different companies has not been unexceptionable, and has accordingly required an act of parliament to regulate it; the country, notwithſtanding, has evidently derived great benefit from their trade. I have heard it aſſerted, that the trade of the city of Glaſgow doubled in about fifteen years after the firſt erection of the banks there; and that the trade of Scotland has more than quadrupled ſince the firſt erection of the two public banks at Edinburgh, of which the one, called The Bank of Scotland, was eſtabliſhed by act of parliament in 1695; the other, called The Royal Bank, by royal charter in 1727. Whether the trade, either of Scotland in general, or of the city of Glaſgow in particular, has really increaſed in ſo great a proportion, during ſo ſhort a period, I do not pretend to know. If either of them has increaſed in this proportion, it ſeems to be an effect too great to be accounted for by the ſole operation of this cauſe. That the trade and induſtry of Scotland, however, have increaſed very conſiderably during this period, and

and that the banks have contributed a good deal to this increaſe, cannot be doubted.

THE value of the ſilver money which circulated in Scotland before the union, in 1707, and which, immediately after it, was brought into the bank of Scotland in order to be recoined, amounted to 411,117*l.* 10*s.* 9*d.* ſterling. No account has been got of the gold coin; but it appears from the antient accounts of the mint of Scotland, that the value of the gold annually coined ſomewhat exceeded that of the ſilver*. There were a good many people too upon this occaſion, who, from a diffidence of repayment, did not bring their ſilver into the bank of Scotland: and there was, beſides, ſome Engliſh coin, which was not called in. The whole value of the gold and ſilver, therefore, which circulated in Scotland before the union, cannot be eſtimated at leſs than a million ſterling. It ſeems to have conſtituted almoſt the whole circulation of that country; for though the circulation of the bank of Scotland, which had then no rival, was conſiderable, it ſeems to have made but a very ſmall part of the whole. In the preſent times the whole circulation of Scotland cannot be eſtimated at leſs than two millions, of which that part which conſiſts in gold and ſilver, moſt probably, does not amount to half a million. But though the circulating gold and ſilver of Scotland have ſuffered ſo great a diminution during this period, its real riches and proſperity do not appear to have ſuffered any. Its agriculture, manufactures, and trade, on the contrary, the annual produce of its land and labour, have evidently been augmented.

IT is chiefly by diſcounting bills of exchange, that is, by advancing money upon them before they are due, that the greater part of banks and bankers iſſue their promiſſory notes. They deduct always, upon whatever ſum they advance, the legal intereſt till the bill ſhall become due. The payment of the bill, when it becomes due, replaces to the bank the value of what had been advanced, together with a clear profit of the intereſt. The banker who advances to the merchant whoſe bill he diſcounts, not gold and ſilver, but his own promiſſory notes, has the advantage of being able to diſcount to a greater amount, by the whole value of his promiſſory notes, which he finds by experience, are commonly in circulation. He

* See Ruddiman's Preface to Anderſon's Diplomata, &c. Scotiæ.

He is thereby enabled to make his clear gain of intereſt on ſo much a larger ſum.

THE commerce of Scotland, which at preſent is not very great, was ſtill more inconſiderable when the two firſt banking companies were eſtabliſhed; and thoſe companies would have had but little trade, had they confined their buſineſs to the diſcounting of bills of exchange. They invented, therefore, another method of iſſuing their promiſſory notes; by granting, what they called, caſh accounts, that is by giving credit to the extent of a certain ſum (two or three thouſand pounds, for example), to any individual who could procure two perſons of undoubted credit and good landed eſtate to become ſurety for him, that whatever money ſhould be advanced to him, within the ſum for which the credit had been given, ſhould be repaid upon demand, together with the legal intereſt. Credits of this kind are, I believe, commonly granted by banks and bankers in all different parts of the world. But the eaſy terms upon which the Scotch banking companies accept of re-payment are, ſo far as I know, peculiar to them, and have, perhaps, been the principal cauſe, both of the great trade of thoſe companies, and of the benefit which the country has received from it.

WHOEVER has a credit of this kind with one of thoſe companies, and borrows a thouſand pounds upon it, for example, may repay this ſum piece-meal, by twenty and thirty pounds at a time, the company diſcounting a proportionable part of the intereſt of the great ſum from the day on which each of thoſe ſmall ſums is paid in, till the whole be in this manner repaid. All merchants, therefore, and almoſt all men of buſineſs, find it convenient to keep ſuch caſh accounts with them, and are thereby intereſted to promote the trade of thoſe companies, by readily receiving their notes in all payments, and by encouraging all thoſe with whom they have any influence to do the ſame. The banks, when their cuſtomers apply to them for money, generally advance it to them in their own promiſſory notes. Theſe the merchants pay away to the manufacturers for goods, the manufacturers to the farmers for materials and proviſions, the farmers to their landlords for rent, the landlords repay them to the merchants for the conveniencies and luxuries with which they ſupply them, and the merchants again return them to the banks

banks in order to balance their cash accounts, or to replace what they may have borrowed of them; and thus almost the whole money business of the country is transacted by means of them. Hence, the great trade of those companies.

By means of those cash accounts every merchant can, without imprudence, carry on a greater trade than he otherwise could do. If there are two merchants, one in London, and the other in Edinburgh, who employ equal stocks in the same branch of trade, the Edinburgh merchant can, without imprudence, carry on a greater trade, and give employment to a greater number of people than the London merchant. The London merchant must always keep by him a considerable sum of money, either in his own coffers, or in those of his banker, who gives him no interest for it, in order to answer the demands continually coming upon him for payment of the goods which he purchases upon credit. Let the ordinary amount of this sum be supposed five hundred pounds. The value of the goods in his warehouse must always be less by five hundred pounds than it would have been, had he not been obliged to keep such a sum unemployed. Let us suppose that he generally disposes of his whole stock upon hand, or of goods to the value of his whole stock upon hand, once in the year. By being obliged to keep so great a sum unemployed, he must sell in a year five hundred pounds worth less goods than he might otherwise have done. His annual profits must be less by all that he could have made by the sale of five hundred pounds worth more goods; and the number of people employed in preparing his goods for the market, must be less by all those that five hundred pounds more stock could have employed. The merchant in Edinburgh, on the other hand, keeps no money unemployed for answering such occasional demands. When they actually come upon him, he satisfies them from his cash account with the bank, and gradually replaces the sum borrowed with the money or paper which comes in from the occasional sales of his goods. With the same stock, therefore, he can, without imprudence, have at all times in his warehouse a larger quantity of goods than the London merchant; and can thereby both make a greater profit himself, and give constant employment to a greater number of industrious people who prepare those goods for

for the market. Hence the great benefit which the country has derived from this trade.

THE facility of diſcounting bills of exchange, it may be thought indeed, gives the Engliſh merchants a conveniency equivalent to the caſh accounts of the Scotch merchants. But the Scotch merchants, it muſt be remembered, can diſcount their bills of exchange as eaſily as the Engliſh merchants; and have, beſides, the additional conveniency of their caſh accounts.

THE whole paper money of every kind which can eaſily circulate in any country never can exceed the value of the gold and ſilver, of which it ſupplies the place, or which (the commerce being ſuppoſed the ſame) would circulate there, if there was no paper money. If twenty ſhilling notes, for example, are the loweſt paper money current in Scotland, the whole of that currency which can eaſily circulate there cannot exceed the ſum of gold and ſilver, which would be neceſſary for tranſacting the annual exchanges of twenty ſhillings value and upwards uſually tranſacted within that country. Should the circulating paper at any time exceed that ſum, as the exceſs could neither be ſent abroad nor be employed in the circulation of the country, it muſt immediately return upon the banks to be exchanged for gold and ſilver. Many people would immediately perceive that they had more of this paper than was neceſſary for tranſacting their buſineſs at home, and as they could not ſend it abroad, they would immediately demand payment of it from the banks. When this ſuperfluous paper was converted into gold and ſilver, they could eaſily find a uſe for it by ſending it abroad; but they could find none while it remained in the ſhape of paper. There would immediately, therefore, be a run upon the banks to the whole extent of this ſuperfluous paper, and, if they ſhowed any difficulty or backwardneſs in payment, to a much greater extent; the alarm, which this would occaſion, neceſſarily increaſing the run.

OVER and above the expences which are common to every branch of trade; ſuch as the expence of houſe-rent, the wages of ſervants, clerks, accountants, &c.; the expences peculiar to a bank conſiſt chiefly in two articles: Firſt, in the expence of keeping at all times in its coffers, for anſwering the

the occaſional demands of the holders of its notes, a large ſum of money, of which it loſes the intereſt: And, ſecondly, in the expence of repleniſhing thoſe coffers as faſt as they are emptied by anſwering ſuch occaſional demands.

A BANKING company, which iſſues more paper than can be employed in the circulation of the country, and of which the exceſs is continually returning upon them for payment, ought to increaſe the quantity of gold and ſilver, which they keep at all times in their coffers, not only in proportion to this exceſſive increaſe of their circulation, but in a much greater proportion; their notes returning upon them much faſter than in proportion to the exceſs of their quantity. Such a company, therefore, ought to increaſe the firſt article of their expence, not only in proportion to this forced increaſe of their buſineſs, but in a much greater proportion.

THE coffers of ſuch a company too, though they ought to be filled much fuller, yet muſt empty themſelves much faſter than if their buſineſs was confined within more reaſonable bounds, and muſt require, not only a more violent, but a more conſtant and uninterrupted exertion of expence in order to repleniſh them. The coin too, which is thus continually drawn in ſuch large quantities from their coffers, cannot be employed in the circulation of the country. It comes in place of a paper which is over and above what can be employed in that circulation, and is therefore over and above what can be employed in it too. But as that coin will not be allowed to lie idle, it muſt, in one ſhape or another, be ſent abroad, in order to find that profitable employment which it cannot find at home; and this continual exportation of gold and ſilver, by enhancing the difficulty, muſt neceſſarily enhance ſtill further the expence of the bank, in finding new gold and ſilver in order to repleniſh thoſe coffers, which empty themſelves ſo very rapidly. Such a company, therefore, muſt, in proportion to this forced increaſe of their buſineſs, increaſe the ſecond article of their expence ſtill more than the firſt.

LET us ſuppoſe that all the paper of a particular bank, which the circulation of the country can eaſily abſorb and employ, amounts exactly to forty thouſand pounds; and that for anſwering occaſional demands, this bank is obliged to keep

keep at all times in its coffers ten thouſand pounds in gold and ſilver. Should this bank attempt to circulate forty-four thouſand pounds, the four thouſand pounds which are over and above what the circulation can eaſily abſorb and employ, will return upon it almoſt as faſt as they are iſſued. For anſwering occaſional demands, therefore, this bank ought to keep at all times in its coffers, not eleven thouſand pounds only, but fourteen thouſand pounds. It will thus gain nothing by the intereſt of the four thouſand pounds exceſſive circulation; and it will loſe the whole expence of continually collecting four thouſand pounds in gold and ſilver, which will be continually going out of its coffers as faſt as they are brought into them.

HAD every particular banking company always underſtood and attended to its own particular intereſt, the circulation never could have been overſtocked with paper money. But every particular banking company has not always underſtood or attended to its own particular intereſt, and the circulation has frequently been overſtocked with paper money.

BY iſſuing too great a quantity of paper, of which the exceſs was continually returning, in order to be exchanged for gold and ſilver, the bank of England was for many years together obliged to coin gold to the extent of between eight hundred thouſand pounds and a million a year; or at an average, about eight hundred and fifty thouſand pounds. For this great coinage the bank (in conſequence of the worn and degraded ſtate into which the gold coin had fallen a few years ago) was frequently obliged to purchaſe gold bullion at the high price of four pounds an ounce, which it ſoon after iſſued in coin at 3*l.* 17*s.* 10½*d.* an ounce, loſing in this manner between two and a half and three per cent. upon the coinage of ſo very large a ſum. Though the bank therefore paid no ſeignorage, though the government was properly at the expence of the coinage, this liberality of government did not prevent altogether the expence of the bank.

THE Scotch banks, in conſequence of an exceſs of the ſame kind, were all obliged to employ conſtantly agents at London to collect money for them, at an expence which was ſeldom below one and a half or two per cent. This money was

was ſent down by the waggon, and inſured by the carriers at an additional expence of three quarters per cent. or fifteen ſhillings on the hundred pounds. Thoſe agents were not always able to repleniſh the coffers of their employers ſo faſt as they were emptied. In this caſe the reſource of the banks was, to draw upon their correſpondents in London bills of exchange to the extent of the ſum which they wanted. When thoſe correſpondents afterwards drew upon them for the payment of this ſum, together with the intereſt and the commiſſion, ſome of thoſe banks, from the diſtreſs into which their exceſſive circulation had thrown them, had ſometimes no other means of ſatisfying this draught but by drawing a ſecond ſet of bills either upon the ſame or upon ſome other correſpondents in London; and the ſame ſum, or rather bills for the ſame ſum, would in this manner make ſometimes more than two or three journies; the debtor, bank, paying always the intereſt and commiſſion upon the whole accumulated ſum. Even thoſe Scotch banks which never diſtinguiſhed themſelves by their extreme imprudence, were ſometimes obliged to employ this ruinous reſource.

THE gold coin which was paid out either by the bank of England, or by the Scotch banks, in exchange for that part of their paper which was over and above what could be employed in the circulation of the country, being likewiſe over and and above what could be employed in that circulation, was ſometimes ſent abroad in the ſhape of coin, ſometimes melted down and ſent abroad in the ſhape of bullion, and ſometimes melted down and ſold to the bank of England at the high price of four pounds an ounce. It was the neweſt, the heavieſt, and the beſt pieces only which were carefully picked out of the whole coin, and either ſent abroad or melted down. At home, and while they remained in the ſhape of coin, thoſe heavy pieces were of no more value than the light, but they were of more value abroad, or when melted down into bullion, at home. The bank of England, notwithſtanding their great annual coinage, found to their aſtoniſhment, that there was every year the ſame ſcarcity of coin as there had been the year before; and that notwithſtanding the great quantity of good and new coin which was every year iſſued from the bank, the ſtate of the coin, inſtead of growing better and better, became every year worſe and worſe. Every year they found themſelves under

under the neceſſity of coining nearly the ſame quantity of gold as they had coined the year before, and from the continual riſe in the price of gold bullion, in conſequence of the continual wearing and clipping of the coin, the expence of this great annual coinage became every year greater and greater. The bank of England, it is to be obſerved, by ſupplying its own coffers with coin, is indirectly obliged to ſupply the whole kingdom, into which coin is continually flowing from thoſe coffers in a great variety of ways. Whatever coin therefore was wanted to ſupport this exceſſive circulation both of Scotch and Engliſh paper money, whatever vacuities this exceſſive circulation occaſioned in the neceſſary coin of the kingdom, the bank of England was obliged to ſupply them. The Scotch banks, no doubt, paid all of them very dearly for their own imprudence and inattention. But the bank of England paid very dearly, not only for its own imprudence, but for the much greater imprudence of almoſt all the Scotch banks.

THE over-trading of ſome bold projectors in both parts of the united kingdom, was the original cauſe of this exceſſive circulation of paper money.

WHAT a bank can with propriety advance to a merchant or undertaker of any kind, is not, either the whole capital with which he trades, or even any conſiderable part of that capital; but that part of it only, which he would otherwiſe be obliged to keep by him unemployed, and in ready money for anſwering occaſional demands. If the paper money which the bank advances never exceeds this value, it can never exceed the value of the gold and ſilver, which would neceſſarily circulate in the country if there was no paper money; it can never exceed the quantity which the circulation of the country can eaſily abſorb and employ.

WHEN a bank diſcounts to a merchant a real bill of exchange drawn by a real creditor upon a real debtor, and which, as ſoon as it becomes due, is really paid by that debtor; it only advances to him a part of the value which he would otherwiſe be obliged to keep by him unemployed, and in ready money for anſwering occaſional demands. The payment of the bill, when it becomes due, replaces to the bank the value of what it had advanced, together with the intereſt.

intereſt. The coffers of the bank, ſo far as its dealings are confined to ſuch cuſtomers, reſemble a water pond, from which, though a ſtream is continually running out, yet another is continually running in, fully equal to that which runs out; ſo that, without any further care or attention, the pond keeps always equally, or very near equally full. Little or no expence can ever be neceſſary for repleniſhing the coffers of ſuch a bank.

A MERCHANT, without over-trading, may frequently have occaſion for a ſum of ready money, even when he has no bills to diſcount. When a bank, beſides diſcounting his bills, advances him likewiſe upon ſuch occaſions, ſuch ſums upon his caſh account, and accepts of a piece-meal repayment as the money comes in from the occaſional ſale of his goods, upon the eaſy terms of the banking companies of Scotland; it diſpenſes him entirely from the neceſſity of keeping any part of his ſtock by him unemployed, and in ready money for anſwering occaſional demands. When ſuch demands actually come upon him, he can anſwer them ſufficiently from his caſh account. The bank, however, in dealing with ſuch cuſtomers, ought to obſerve with great attention, whether in the courſe of ſome ſhort period (of four, five, ſix, or eight months, for example) the ſum of the repayments which it commonly receives from them, is, or is not, fully equal to that of the advances which it commonly makes to them. If, within the courſe of ſuch ſhort periods, the ſum of the repayments from certain cuſtomers is, upon moſt occaſions, fully equal to that of the advances, it may ſafely continue to deal with ſuch cuſtomers. Though the ſtream which is in this caſe continually running out from its coffers may be very large, that which is continually running into them muſt be at leaſt equally large; ſo that without any further care or attention thoſe coffers are likely to be always equally or very near equally full; and ſcarce ever to require any extraordinary expence to repleniſh them. If, on the contrary, the ſum of the repayments from certain other cuſtomers falls commonly very much ſhort of the advances which it makes to them, it cannot with any ſafety continue to deal with ſuch cuſtomers, at leaſt if they continue to deal with it in this manner. The ſtream which is in this caſe continually running out from its coffers is neceſſarily much larger than that which is continually running in; ſo that, unleſs they are repleniſhed

repleniſhed by ſome great and continual effort of expence, thoſe coffers muſt ſoon be exhauſted altogether.

THE banking companies of Scotland, accordingly, were for a long time very careful to require frequent and regular repayments from all their cuſtomers, and did not care to deal with any perſon, whatever might be his fortune or credit, who did not make, what they called, frequent and regular operations with them. By this attention, beſides ſaving almoſt entirely the extraordinary expence of repleniſhing their coffers, they gained two other very conſiderable advantages.

FIRST, by this attention they were enabled to make ſome tolerable judgment concerning the thriving or declining circumſtances of their debtors, without being obliged to look out for any other evidence beſides what their own books afforded them; men being for the moſt part either regular or irregular in their repayments, according as their circumſtances are either thriving or declining. A private man who lends out his money to perhaps half a dozen or a dozen of debtors, may, either by himſelf or his agents, obſerve and enquire both conſtantly and carefully into the conduct and ſituation of each of them. But a banking company, which lends money to perhaps five hundred different people, and of which the attention is continually occupied by objects of a very different kind, can have no regular information concerning the conduct and circumſtances of the greater part of its debtors beyond what its own books afford it. In requiring frequent and regular payments from all their cuſtomers, the banking companies of Scotland had probably this advantage in view.

SECONDLY, by this attention they ſecured themſelves from the poſſibility of iſſuing more paper money than what the circulation of the country could eaſily abſorb and employ. When they obſerved, that within moderate periods of time the repayments of a particular cuſtomer were upon moſt occaſions fully equal to the advances which they had made to him, they might be aſſured that the paper money which they had advanced to him, had not at any time exceeded the quantity of gold and ſilver which he would otherwiſe have been obliged to keep by him for anſwering occaſional demands; and that, conſequently the paper money, which they had circulated

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circulated by his means, had not at any time exceeded the quantity of gold and ſilver which would have circulated in the country, had there been no paper money. The frequency, regularity and amount of his repayments would ſufficiently demonſtrate that the amount of their advances had at no time exceeded that part of his capital which he would otherwiſe have been obliged to keep by him, unemployed and in ready money for anſwering occaſional demands; that is, for the purpoſe of keeping the reſt of his capital in conſtant employment. It is this part of his capital only which, within moderate periods of time, is continually returning to every dealer in the ſhape of money, whether paper or coin, and continually going from him in the ſame ſhape. If the advances of the bank had commonly exceeded this part of his capital, the ordinary amount of his repayments could not, within moderate periods of time, have equalled the ordinary amount of its advances. The ſtream which, by means of his dealings, was continually running into the coffers of the bank, could not have been equal to the ſtream which, by means of the ſame dealings, was continually running out. The advances of the bank paper, by exceeding the quantity of gold and ſilver which, had there been no ſuch advances, he would have been obliged to keep by him for anſwering occaſional demands, might ſoon come to exceed the whole quantity of gold and ſilver which (the commerce being ſuppoſed the ſame) would have circulated in the country had there been no paper money; and conſequently to exceed the quantity which the circulation of the country could eaſily abſorb and employ; and the exceſs of this paper money would immediately have returned upon the bank in order to be exchanged for gold and ſilver. This ſecond advantage, though equally real, was not perhaps ſo well underſtood by all the different banking companies of Scotland as the firſt.

When, partly by the conveniency of diſcounting bills, and partly by that of caſh accounts, the creditable traders of any country can be diſpenſed from the neceſſity of keeping any part of their ſtock by them, unemployed and in ready money, for anſwering occaſional demands, they can reaſonably expect no further aſſiſtance from banks and bankers, who, when they have gone thus far, cannot, conſiſtently with their own intereſt and ſafety, go farther. A bank cannot, conſiſtently

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ſiſtently with its own intereſt, advance to a trader the whole or even the greater part of the circulating capital with which he trades; becauſe, though that capital is continually returning to him in the ſhape of money, and going from him in the ſame ſhape, yet the whole of the returns is too diſtant from the whole of the out-goings, and the ſum of his repayments could not equal the ſum of its advances within ſuch moderate periods of time as ſuit the conveniency of a bank. Still leſs could a bank afford to advance him any conſiderable part of his fixed capital; of the capital which the undertaker of an iron forge, for example, employs in erecting his forge and ſmelting-houſe, his work-houſes and ware-houſes, the dwelling-houſes of his work-men, &c.; of the capital which the undertaker of a mine employs in ſinking his ſhafts, in erecting engines for drawing out the water, in making roads and waggon-ways, &c.; of the capital which the perſon who undertakes to improve land employs in clearing, draining, encloſing, manuring and ploughing waſte and uncultivated fields, in building farm-houſes, with all their neceſſary appendages of ſtables, granaries, &c. The returns of the fixed capital are in almoſt all caſes much ſlower than thoſe of the circulating capital; and ſuch expences, even when laid out with the greateſt prudence and judgment, very ſeldom return to the undertaker till after a period of many years, a period by far too diſtant to ſuit the convenience of a bank. Traders and other undertakers may, no doubt, with great propriety, carry on a very conſiderable part of their projects with borrowed money. In juſtice to their creditors, however, their own capital ought, in this caſe, to be ſufficient to enſure, if I may ſay ſo, the capital of thoſe creditors; or to render it extremely improbable that thoſe creditors ſhould incur any loſs, even though the ſucceſs of the project ſhould fall very much ſhort of the expectation of the projectors. Even with this precaution too, the money which is borowed, and which it is meant ſhould not be repaid till after a period of ſeveral years, ought not to be borrowed of a bank, but ought to be borrowed upon bond or mortgage, of ſuch private people as propoſe to live upon the intereſt of their money, without taking the trouble themſelves to employ the capital; and who are upon that account willing to lend that capital to ſuch people of good credit as are likely to keep it for ſeveral years. A bank, indeed, which lends its money without the expence of ſtampt paper, or of attornies fees for drawing bonds and mortgages, and

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which accepts of repayment upon the eaſy terms of the banking companies of Scotland; would, no doubt, be a very convenient creditor to ſuch traders and undertakers. But ſuch traders and undertakers would, ſurely, be moſt inconvenient debtors to ſuch a bank.

It is now more than five-and-twenty years ſince the paper money iſſued by the different banking companies of Scotland was fully equal, or rather was ſomewhat more than fully equal, to what the circulation of the country could eaſily abſorb and employ. Thoſe companies, therefore, had ſo long ago given all the aſſiſtance to the traders and other undertakers of Scotland which it is poſſible for banks and bankers, conſiſtently with their own intereſt, to give. They had even done ſomewhat more. They had overtraded a little, and had brought upon themſelves that loſs, or at leaſt that diminution of profit, which in this particular buſineſs never fails to attend the ſmalleſt degree of over-trading. Thoſe traders and other undertakers, having got ſo much aſſiſtance from banks and bankers, wiſhed to get ſtill more. The banks, they ſeem to have thought, could extend their credits to whatever ſum might be wanted, without incurring any other expence beſides that of a few reams of paper. They complained of the contracted views and daſtardly ſpirit of the directors of thoſe banks, which did not, they ſaid, extend their credits in proportion to the extenſion of the trade of the country; meaning, no doubt, by the extenſion of that trade the extenſion of their own projects beyond what they could carry on, either with their own capital, or with what they had credit to borrow of private people in the uſual way of bond or mortgage. The banks, they ſeem to have thought, were in honour bound to ſupply the deficiency, and to provide them with all the capital which they wanted to trade with. The banks, however, were of a different opinion, and upon their refuſing to extend their credits, ſome of thoſe traders had recourſe to an expedient which, for a time, ſerved their purpoſe, though at a much greater expence, yet as effectually as the utmoſt extenſion of bank credits could have done. This expedient was no other than the well-known ſhift of drawing and redrawing; the ſhift to which unfortunate traders have ſometimes recourſe when they are upon the brink of bankruptcy. The practice of raiſing money in this manner had been long known in England, and during the courſe of the late war, when the high profits of trade afforded

afforded a great temptation to over-trading, is ſaid to have been carried on to a very great extent. From England it was brought into Scotland, where, in proportion to the very limited commerce, and to the very moderate capital of the country, it was ſoon carried on to a much greater extent than it ever had been in England.

THE practice of drawing and re-drawing is ſo well known to all men of buſineſs, that it may perhaps be thought unneceſſary to give any account of it. But as this book may come into the hands of many people who are not men of buſineſs, and as the effects of this practice upon the banking trade are not perhaps generally underſtood even by men of buſineſs themſelves, I ſhall endeavour to explain it as diſtinctly as I can.

THE cuſtoms of merchants, which were eſtabliſhed when the barbarous laws of Europe did not enforce the performance of their contracts, and which during the courſe of the two laſt centuries have been adopted into the laws of all European nations, have given ſuch extraordinary privileges to bills of exchange, that money is more readily advanced upon them, than upon any other ſpecies of obligation; eſpecially when they are made payable within ſo ſhort a period as two or three months after their date. If, when the bill becomes due, the acceptor does not pay it as ſoon as it is preſented, he becomes from that moment a bankrupt. The bill is proteſted, and returns upon the drawer, who, if he does not immediately pay it, becomes likewiſe a bankrupt. If, before it came to the perſon who preſents it to the acceptor for payment, it had paſſed through the hands of ſeveral other perſons, who had ſucceſſively advanced to one another the contents of it either in money or goods, and who, to expreſs that each of them had in his turn received thoſe contents, had all of them in their order endorſed, that is, written their names upon the back of the bill; each endorſer becomes in his turn liable to the owner of the bill for thoſe contents, and, if he fails to pay, he becomes too from that moment a bankrupt. Though the drawer, acceptor, and endorſers of the bill ſhould, all of them, be perſons of doubtful credit; yet ſtill the ſhortneſs of the date gives ſome ſecurity to the owner of the bill. Though all of them may be very likely to become bankrupts; it is a chance if they all become ſo in ſo ſhort a time. The houſe is crazy, ſays a weary traveller

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to himſelf, and will not ſtand very long; but it is a chance if it falls to-night, and I will venture, therefore, to ſleep in it to-night.

THE trader A in Edinburgh, we ſhall ſuppoſe, draws a bill upon B in London, payable two months after date. In reality B in London owes nothing to A in Edinburgh; but he agrees to accept of A's bill upon condition that before the term of payment he ſhall redraw upon A in Edinburgh, for the ſame ſum, together with the intereſt and a commiſſion, another bill, payable likewiſe two months after date. B accordingly, before the expiration of the firſt two months, redraws this bill upon A in Edinburgh; who again, before the expiration of the ſecond two months, draws a ſecond bill upon B in London, payable likewiſe two months after date; and before the expiration of the third two months, B in London re-draws upon A in Edinburgh another bill, payable alſo two months after date. This practice has ſometimes gone on, not only for ſeveral months, but for ſeveral years together, the bill always returning upon A in Edinburgh, with the accumulated intereſt and commiſſion of all the former bills. The intereſt was five per cent. in the year, and the commiſſion was never leſs than one half per cent. on each draught. This commiſſion being repeated more than ſix times in the year, whatever money A might raiſe by this expedient muſt neceſſarily have coſt him ſomething more than eight per cent. in the year, and ſometimes a great deal more; when either the price of the commiſſion happened to riſe, or when he was obliged to pay compound intereſt upon the intereſt and commiſſion of former bills. This practice was called raiſing money by circulation.

IN a country where the ordinary profits of ſtock in the greater part of mercantile projects are ſuppoſed to run between ſix and ten per cent.; it muſt have been a very fortunate ſpeculation of which the returns could not only repay the enormous expence at which the money was thus borrowed for carrying it on; but afford, beſides, a good ſurplus profit to the projector. Many vaſt and extenſive projects, however, were undertaken, and for ſeveral years carried on without any other fund to ſupport them beſides what was raiſed at this enormous expence. The projectors, no doubt, had in their golden dreams the moſt diſtinct viſion of this great profit. Upon their awaking, however, either at the end

end of their projects, or when they were no longer able to carry them on, they very ſeldom, I believe, had the good fortune to find it *.

THE bills which A in Edinburgh drew upon B in London, he regularly diſcounted two months before they were due with ſome bank or banker in Edinburgh; and the bills which B in London re-drew upon A in Edinburgh, he as regularly diſcounted either with the bank of England, or with ſome other bankers in London. Whatever was advanced upon ſuch circulating bills, was, in Edinburgh, advanced in the paper of the Scotch banks, and in London, when they were diſcounted at the bank of England, in the paper of that bank. Though the bills upon which this paper had been advanced, were all of them repaid in their turn as ſoon as they became due; yet the value which had been really advanced upon the firſt bill, was never really returned to the

* The method deſcribed in the text was by no means either the moſt common or the moſt expenſive one in which thoſe adventurers ſometimes raiſed money by circulation. It frequently happened that A in Edinburgh would enable B in London to pay the firſt bill of exchange by drawing, a few days before it became due, a ſecond bill at three months date upon the ſame B in London. This bill, being payable to his own order, A ſold in Edinburgh at par; and with its contents purchaſed bills upon London payable at ſight to the order of B, to whom he ſent them by the poſt. Towards the end of the late war, the exchange between Edinburgh and London was frequently three per cent. againſt Edinburgh, and thoſe bills at ſight muſt frequently have coſt A that premium. This tranſaction therefore being repeated at leaſt four times in the year, and being loaded with a commiſſion of at leaſt one half per cent. upon each repetition, muſt at that period have coſt A at leaſt fourteen per cent. in the year. At other times A would enable B to diſcharge the firſt bill of exchange by drawing, a few days before it became due, a ſecond bill at two months date; not upon B, but upon ſome third perſon, C, for example, in London. This other bill was made payable to the order of B, who, upon its being accepted by C, diſcounted it with ſome banker in London; and A enabled C to diſcharge it by drawing, a few days before it became due, a third bill, likewiſe at two months date, ſometimes upon his firſt correſpondent B, and ſometimes upon ſome fourth or fifth perſon, D or E, for example. This third bill was made payable to the order of C; who, as ſoon as it was accepted, diſcounted it in the ſame manner with ſome banker in London. Such operations being repeated at leaſt ſix times in the year, and being loaded with a commiſſion of at leaſt one-half per cent. upon each repetition, together with the legal intereſt of five per cent. this method of raiſing money, in the ſame manner as that deſcribed in the text, muſt have coſt A ſomething more than eight per cent. By ſaving, however, the exchange between Edinburgh and London it was leſs expenſive than that mentioned in the foregoing part of this note; but then it required an eſtabliſhed credit with more houſes than one in London, an advantage which many of theſe adventurers could not always find it eaſy to procure.

banks

banks which advanced it; becauſe, before each bill became due, another bill was always drawn to ſomewhat a greater amount than the bill which was ſoon to be paid; and the diſcounting of this other bill was eſſentially neceſſary towards the payment of that which was ſoon to be due. This payment, therefore, was altogether fictitious. The ſtream, which, by means of thoſe circulating bills of exchange, had once been made to run out from the coffers of the banks, was never replaced by any ſtream which really run into them.

THE paper which was iſſued upon thoſe circulating bills of exchange, amounted, upon many occaſions, to the whole fund deſtined for carrying on ſome vaſt and extenſive project of agriculture, commerce, or manufactures; and not merely to that part of it which, had there been no paper money, the projector would have been obliged to keep by him, unemployed and in ready money for anſwering occaſional demands. The greater part of this paper was, conſequently, over and above the value of the gold and ſilver which would have circulated in the country, had there been no paper money. It was over and above, therefore, what the circulation of the country could eaſily abſorb and employ, and, upon that account, immediately returned upon the banks in order to be exchanged for gold and ſilver, which they were to find as they could. It was a capital which thoſe projectors had very artfully contrived to draw from thoſe banks, not only without their knowledge or deliberate conſent, but for ſome time, perhaps, without their having the moſt diſtant ſuſpicion that they had really advanced it.

WHEN two people, who are continually drawing and redrawing upon one another, diſcount their bills always with the ſame banker, he muſt immediately diſcover what they are about, and ſee clearly that they are trading, not with any capital of their own, but with the capital which he advances to them. But this diſcovery is not altogether ſo eaſy when they diſcount their bills ſometimes with one banker, and ſometimes with another, and when the ſame two perſons do not conſtantly draw and re-draw upon one another but occaſionally run the round of a great circle of projectors, who find it for their intereſt to aſſiſt one another in this method of raiſing money, and to render it, upon that account, as difficult as poſſible to diſtinguiſh between a real and a fictitious

ous bill of exchange; between a bill drawn by a real creditor upon a real debtor, and a bill for which there was properly no real creditor but the bank which discounted it; nor any real debtor but the projector who made use of the money. When a banker had even made this discovery, he might sometimes make it too late, and might find that he had already discounted the bills of those projectors to so great an extent, that, by refusing to discount any more, he would necessarily make them all bankrupts, and thus, by ruining them, might perhaps ruin himself. For his own interest and safety, therefore, he might find it necessary, in this very perilous situation, to go on for some time, endeavouring, however, to withdraw gradually, and upon that account making every day greater and greater difficulties about discounting, in order to force those projectors by degrees to have recourse, either to other bankers, or to other methods of raising money; so as that he himself might, as soon as possible, get out of the circle. The difficulties, accordingly, which the bank of England, which the principal bankers in London, and which even the more prudent Scotch banks began, after a certain time, and when all of them had already gone too far, to make about discounting, not only alarmed, but enraged in the highest degree those projectors. Their own distress, of which this prudent and necessary reserve of the banks, was, no doubt, the immediate occasion, they called the distress of the country; and this distress of the country, they said, was altogether owing to the ignorance, pusillanimity, and bad conduct of the banks, which did not give a sufficiently liberal aid to the spirited undertakings of those who exerted themselves in order to beautify, improve, and enrich the country. It was the duty of the banks, they seemed to think, to lend for as long a time, and to as great an extent as they might wish to borrow. The banks, however, by refusing in this manner to give more credit to those, to whom they had already given a great deal too much, took the only method by which it was now possible to save either their own credit, or the public credit of the country.

In the midst of this clamour and distress, a new bank was established in Scotland for the express purpose of relieving the distress of the country. The design was generous; but the execution was imprudent, and the nature and causes of the distress which it meant to relieve, were not, perhaps, well understood. This bank was more liberal than any other had

had ever been, both in granting cash accounts, and in discounting bills of exchange. With regard to the latter, it seems to have made scarce any distinction between real and circulating bills, but to have discounted all equally. It was the avowed principle of this bank to advance, upon any reasonable security, the whole capital which was to be employed in those improvements of which the returns are the most slow and distant, such as the improvements of land. To promote such improvements was even said to be the chief of the public spirited purposes for which it was instituted. By its liberality in granting cash accounts, and in discounting bills of exchange, it, no doubt, issued great quantities of its bank-notes. But those bank-notes being, the greater part of them, over and above what the circulation of the country could easily absorb and employ, returned upon it, in order to be exchanged for gold and silver, as fast as they were issued. Its coffers were never well-filled. The capital which had been subscribed to this bank at two different subscriptions, amounted to one hundred and sixty thousand pounds, of which eighty per cent. only was paid up. This sum ought to have been paid in at several different instalments. A great part of the proprietors, when they paid in their first instalment, opened a cash account with the bank; and the directors, thinking themselves obliged to treat their own proprietors with the same liberality with which they treated all other men, allowed many of them to borrow upon this cash account what they paid in upon all their subsequent instalments. Such payments, therefore, only put into one coffer, what had the moment before been taken out of another. But had the coffers of this bank been filled ever so well, its excessive circulation must have emptied them faster than they could have been replenished by any other expedient but the ruinous one of drawing upon London, and when the bill became due, paying it, together with interest and commission, by another draught upon the same place. Its coffers having been filled so very ill, it is said to have been driven to this resource within a very few months after it began to do business. The estates of the proprietors of this bank were worth several millions, and by their subscription to the original bond or contract of the bank, were really pledged for answering all its engagements. By means of the great credit which so great a pledge necessarily gave it, it was notwithstanding its too liberal conduct, enabled to carry on business for more than two years. When it was obliged to stop,

ſtop, it had in the circulation about two hundred thouſand pounds in bank-notes. In order to ſupport the circulation of thoſe notes, which were continually returning upon it as faſt as they were iſſued, it had been conſtantly in the practice of drawing bills of exchange upon London, of which the number and value were continually increaſing, and, when it ſtopt, amounted to upwards of ſix hundred thouſand pounds. This bank, therefore, had, in little more than the courſe of two years, advanced to different people upwards of eight hundred thouſand pounds at five per cent. Upon the two hundred thouſand pounds which it circulated in bank-notes, this five per cent. might, perhaps, be conſidered as clear gain, without any other deduction beſides the expence of management. But upon upwards of ſix hundred thouſand pounds, for which it was continually drawing bills of exchange upon London, it was paying, in the way of intereſt and commiſſion, upwards of eight per cent., and was conſequently loſing more than three per cent. upon more than three-fourths of all its dealings.

THE operations of this bank ſeem to have produced effects quite oppoſite to thoſe which were intended by the particular perſons who planned and directed it. They ſeem to have intended to ſupport the ſpirited undertakings, for as ſuch they conſidered them, which were at that time carrying on in different parts of the country; and at the ſame time, by drawing the whole banking buſineſs to themſelves, to ſupplant all the other Scotch banks; particularly thoſe eſtabliſhed at Edinburgh, whoſe backwardneſs in diſcounting bills of exchange had given ſome offence. This bank, no doubt, gave ſome temporary relief to thoſe projectors, and enabled them to carry on their projects for about two years longer than they could otherwiſe have done. But it thereby only enabled them to get ſo much deeper into debt, ſo that when ruin came, it fell ſo much the heavier both upon them and upon their creditors. The operations of this bank, therefore, inſtead of relieving, in reality aggravated in the long-run the diſtreſs which thoſe projectors had brought both upon themſelves and upon their country. It would have been much better for themſelves, their creditors and their country, had the greater part of them been obliged to ſtop two years ſooner than they actually did. The temporary relief, however, which this bank afforded to thoſe projectors, proved a real and permanent relief to the other Scotch banks. All the dealers

dealers in circulating bills of exchange, which thoſe other banks had become ſo backward in diſcounting, had recourſe to this new bank, where they were received with open arms. Thoſe other banks, therefore, were enabled to get very eaſily out of that fatal circle, from which they could not otherwiſe have diſengaged themſelves without incurring a conſiderable loſs, and perhaps too even ſome degree of diſcredit.

In the long-run, therefore, the operations of this bank increaſed the real diſtreſs of the country which it meant to relieve; and effectually relieved from a very great diſtreſs thoſe rivals whom it meant to ſupplant.

At the firſt ſetting out of this bank, it was the opinion of ſome people, that how faſt ſoever its coffers might be emptied, it might eaſily repleniſh them by raiſing money upon the ſecurities of thoſe to whom it had advanced its paper. Experience, I believe, ſoon convinced them that this method of raiſing money was by much too ſlow to anſwer their purpoſe; and that coffers which originally were ſo ill filled, and which emptied themſelves ſo very faſt, could be repleniſhed by no other expedient but the ruinous one of drawing bills upon London, and when they became due, paying them by other draughts upon the ſame place with accumulated intereſt and commiſſion. But though they had been able by this method to raiſe money as faſt as they wanted it; yet, inſtead of making a profit, they muſt have ſuffered a loſs by every ſuch operation; ſo that in the long-run they muſt have ruined themſelves as a mercantile company, though, perhaps, not ſo ſoon as by the more expenſive practice of drawing and re-drawing. They could ſtill have made nothing by the intereſt of the paper, which, being over and above what the circulation of the country could abſorb and employ, returned upon them, in order to be exchanged for gold and ſilver, as faſt as they iſſued it; and for the payment of which they were themſelves continually obliged to borrow money. On the contrary, the whole expence of this borrowing, of employing agents to look out for people who had money to lend, of negociating with thoſe people, and of drawing the proper bond or aſſignment, muſt have fallen upon them, and have been ſo much clear loſs upon the balance of their accounts. The project of repleniſhing their coffers in this manner may be compared to that of a man who had a water-pond from which a ſtream was continually running out,

out, and into which no ſtream was continually running, but who propoſed to keep it always equally full by employing a number of people to go continually with buckets to a well at ſome miles diſtance in order to bring water to repleniſh it.

BUT though this operation had proved, not only practicable, but profitable to the bank as a mercantile company; yet the country could have derived no benefit from it; but, on the contrary, muſt have ſuffered a very conſiderable loſs by it. This operation could not augment in the ſmalleſt degree the quantity of money to be lent. It could only have erected this bank into a ſort of general loan office for the whole country. Thoſe who wanted to borrow, muſt have applied to this bank, inſtead of applying to the private perſons who had lent it their money. But a bank which lends money, perhaps, to five hundred different people, the greater part of whom its directors can know very little about, is not likely to be more judicious in the choice of its debtors, than a private perſon who lends out his money among a few people whom he knows, and in whoſe ſober and frugal conduct he thinks he has good reaſon to confide. The debtors of ſuch a bank, as that whoſe conduct I have been giving ſome account of, were likely, the greater part of them, to be chimerical projectors, the drawers and re-drawers of circulating bills of exchange, who would employ the money in extravagant undertakings, which, with all the aſſiſtance that could be given them, they would probably never be able to compleat, and which, if they ſhould be compleated, would never repay the expence which they had really coſt, would never afford a fund capable of maintaining a quantity of labour equal to that which had been employed about them. The ſober and frugal debtors of private perſons, on the contrary, would be more likely to employ the money borrowed in ſober undertakings which were proportioned to their capitals, and which, though they might have leſs of the grand and the marvellous, would have more of the ſolid and the profitable, which would repay with a large profit whatever had been laid out upon them, and which would thus afford a fund capable of maintaining a much greater quantity of labour than that which had been employed about them. The ſucceſs of this operation, therefore, without increaſing in the ſmalleſt degree the capital of the country, would only have transferred

ferred a great part of it from prudent and profitable, to imprudent and unprofitable undertakings.

THAT the induſtry of Scotland languiſhed for want of money to employ it, was the opinion of the famous Mr. Law. By eſtabliſhing a bank of a particular kind, which he ſeems to have imagined, might iſſue paper to the amount of the whole value of all the lands in the country, he propoſed to remedy this want of money. The parliament of Scotland, when he firſt propoſed his project, did not think proper to adopt it. It was afterwards adopted, with ſome variations, by the duke of Orleans, at that time regent of France. The idea of the poſſibility of multiplying paper money to almoſt any extent, was the real foundation of what is called the Miſſiſſippi ſcheme, the moſt extravagant project both of banking and ſtock-jobbing that, perhaps, the world ever ſaw. The different operations of this ſcheme are explained ſo fully, ſo clearly, and with ſo much order and diſtinctneſs, by Mr. Du Verney, in his Examination of the Political Reflections upon Commerce and Finances of Mr. Du Tot, that I ſhall not give any account of them. The principles upon which it was founded are explained by Mr. Law himſelf, in a diſcourſe concerning money and trade, which he publiſhed in Scotland when he firſt propoſed his project. The ſplendid, but viſionary ideas which are ſet forth in that and ſome other works upon the ſame principles, ſtill continue to make an impreſſion upon many people, and have, perhaps, in part, contributed to that exceſs of banking, which has of late been complained of both in Scotland and in other places.

THE bank of England is the greateſt bank of circulation in Europe. It was incorporated, in purſuance of an act of parliament, by a charter under the great ſeal, dated the 27th of July, 1694. It at that time advanced to government the ſum of one million two hundred thouſand pounds, for an annuity of one hundred thouſand pounds; or for 96,000*l.* a year intereſt, at the rate of eight per cent. and 4,000*l.* a year for the expence of management. The credit of the new government, eſtabliſhed by the Revolution, we may believe, muſt have been very low, when it was obliged to borrow at ſo high an intereſt.

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In 1697 the bank was allowed to enlarge its capital ſtock by an engraftment of 1,001,171*l.* 10*s.* Its whole capital ſtock, therefore, amounted at this time to 2,201,171*l.* 10*s.* This engraftment is ſaid to have been for the ſupport of public credit. In 1696, tallies had been at forty, and fifty, and ſixty per cent. diſcount, and bank notes at twenty per cent *. During the great recoinage of the ſilver, which was going on at this time, the bank had thought proper to diſcontinue the payment of its notes, which neceſſarily occaſioned their diſcredit.

In purſuance of the 7th Anne, c. vii. the bank advanced and paid into the exchequer, the ſum of 400,000*l.*; making in all the ſum of 1,600,000*l.* which it had advanced upon its original annuity of 96,000*l.* intereſt and 4,000*l.* for expence of management. In 1708, therefore, the credit of government was as good as that of private perſons, ſince it could borrow at ſix per cent. intereſt, the common legal and market rate of thoſe times. In purſuance of the ſame act, the bank cancelled exchequer bills to the amount of 1,775,027*l.* 17*s.* 10½*d.* at ſix per cent. intereſt, and was at the ſame time allowed to take in ſubſcriptions for doubling its capital. In 1708, therefore, the capital of the bank amounted to 4,402,343*l.*; and it had advanced to government the ſum of 3,375,027*l.* 17*s.* 10½*d.*

By a call of fifteen per cent. in 1709, there was paid in and made ſtock 656,204*l.* 1*s.* 9*d.*; and by another of ten per cent. in 1710, 501,448*l.* 12*s.* 11*d.* In conſequence of thoſe two calls, therefore, the bank capital amounted to 5,559,995*l.* 14*s.* 8*d.*

In purſuance of the 3d George I. c. 8. the bank delivered up two millions of exchequer bills to be cancelled. It had at this time, therefore, advanced to government 5,375,027*l.* 17*s.* 10*d.* In purſuance of the 8th George I. c. 21. the bank purchaſed of the South Sea Company, ſtock to the amount of 4,000,000*l.*; and in 1722, in conſequence of the ſubſcriptions which it had taken in for enabling it to make this purchaſe, its capital ſtock was increaſed by 3,400,000*l.* At this time, therefore, the bank had advanced to the public 9,375,027*l.* 17*s.* 10½*d.*; and its capital ſtock amounted only

* James Poſtlethwaite's Hiſtory of the Public Revenue, page 301.

only to 8,959,995*l.* 14*s.* 8*d.* It was upon this occaſion that the ſum which the bank had advanced to the public, and for which it received intereſt, began firſt to exceed its capital ſtock, or the ſum for which it paid a dividend to the proprietors of bank ſtock; or, in other words, that the bank began to have an undivided capital, over and above its divided one. It has continued to have an undivided capital of the ſame kind ever ſince. In 1746, the bank had, upon different occaſions, advanced to the public 11,686,800*l.* and its divided capital had been raiſed by different calls and ſubſcriptions to 10,780,000*l.* The ſtate of thoſe two ſums has continued to be the ſame ever ſince. In purſuance of the 4th of George III. c. 25. the bank agreed to pay to government for the renewal of its charter 110,000*l.* without intereſt or repayment. This ſum, therefore, did not increaſe either of thoſe two other ſums.

THE dividend of the bank has varied according to the variations in the rate of the intereſt which it has, at different times, received for the money it had advanced to the public, as well as according to other circumſtances. This rate of intereſt has gradually been reduced from eight to three per cent. For ſome years paſt the bank dividend has been at five and a half per cent.

THE ſtability of the bank of England is equal to that of the Britiſh government. All that it has advanced to the public muſt be loſt before its creditors can ſuſtain any loſs. No other banking company in England can be eſtabliſhed by act of parliament, or can conſiſt of more than ſix members. It acts, not only as an ordinary bank, but as a great engine of ſtate. It receives and pays the greater part of the annuities which are due to the creditors of the public, it circulates exchequer bills, and it advances to government the annual amount of the land and malt taxes, which are frequently not paid up till ſome years thereafter. In thoſe different operations, its duty to the public may ſometimes have obliged it, without any fault of its directors, to overſtock the circulation with paper money. It likewiſe diſcounts merchants bills, and has, upon ſeveral different occaſions, ſupported the credit of the principal houſes, not only of England, but of Hamburgh and Holland. Upon one occaſion, in 1763, it is ſaid to have advanced for this purpoſe, in one week, about 1,600,000*l.*; a great part of it in bullion. I do not, however, pretend to warrant

warrant either the greatneſs of the ſum, or the ſhortneſs of the time. Upon other occaſions, this great company has been reduced to the neceſſity of paying in ſixpences.

It is not by augmenting the capital of the country, but by rendering a greater part of that capital active and productive than would otherwiſe be ſo, that the moſt judicious operations of banking can increaſe the induſtry of the country. That part of his capital which a dealer is obliged to keep by him unemployed, and in ready money for anſwering occaſional demands, is ſo much dead ſtock, which, ſo long as it remains in this ſituation, produces nothing either to him or to his country. The judicious operations of banking enable him to convert this dead ſtock into active and productive ſtock; into materials to work upon, into tools to work with, and into proviſions and ſubſiſtence to work for; into ſtock which produces ſomething both to himſelf and to his country. The gold and ſilver money which circulates in any country, and by means of which, the produce of its land and labour is annually circulated and diſtributed to the proper conſumers, is, in the ſame manner as the ready money of the dealer, all dead ſtock. It is a very valuable part of the capital of the country, which produces nothing to the country. The judicious operations of banking, by ſubſtituting paper in the room of a great part of this gold and ſilver, enables the country to convert a great part of this dead ſtock into active and productive ſtock; into ſtock which produces ſomething to the country. The gold and ſilver money which circulates in any country may very properly be compared to a highway, which, while it circulates and carries to market all the graſs and corn of the country, produces itſelf not a ſingle pile of either. The judicious operations of banking, by providing, if I may be allowed ſo violent a metaphor, a ſort of waggon-way through the air; enable the country to convert, as it were, a great part of its highways into good paſtures and corn fields, and thereby to increaſe very conſiderably the annual produce of its land and labour. The commerce and induſtry of the country, however, it muſt be acknowledged, though they may be ſomewhat augmented, cannot be altogether ſo ſecure, when they are thus, as it were, ſuſpended upon the Dædalian wings of paper money, as when they travel about upon the ſolid ground of gold and ſilver. Over and above the accidents to which they are expoſed from the unſkilfulneſs of the conductors of this paper money, they are liable

ble to ſeveral others, from which no prudence or ſkill of thoſe conductors can guard them.

An unſucceſsful war, for example, in which the enemy got poſſeſſion of the capital, and conſequently of that treaſure which ſupported the credit of the paper money, would occaſion a much greater confuſion in a country where the whole circulation was carried on by paper, than in one where the greater part of it was carried on by gold and ſilver. The uſual inſtrument of commerce having loſt its value, no exchanges could be made but either by barter or upon credit. All taxes having been uſually paid in paper money, the prince would not have wherewithal either to pay his troops, or to furniſh his magazines; and the ſtate of the country would be much more irretrievable than if the greater part of its circulation had conſiſted in gold and ſilver. A prince, anxious to maintain his dominions at all times in the ſtate in which he can moſt eaſily defend them, ought, upon this account, to guard, not only againſt that exceſſive multiplication of paper money which ruins the very banks which iſſue it; but even againſt that multiplication of it, which enables them to fill the greater part of the circulation of the country with it.

The circulation of every country may be conſidered as divided into two different branches; the circulation of the dealers with one another, and the circulation between the dealers and the conſumers. Though the ſame pieces of money, whether paper or metal, may be employed ſometimes in the one circulation and ſometimes in the other, yet as both are conſtantly going on at the ſame time, each requires a certain ſtock of money of one kind or another, to carry it on The value of the goods circulated between the different dealers, never can exceed the value of thoſe circulated between the dealers and the conſumers; whatever is bought by the dealers, being ultimately deſtined to be ſold to the conſumers. The circulation between the dealers, as it is carried on by wholeſale, requires generally a pretty large ſum for every particular tranſaction. That between the dealers and the conſumers, on the contrary, as it is generally carried on by retail, frequently requires but very ſmall ones, a ſhilling, or even a halfpenny, being often ſufficient. But ſmall ſums circulate much faſter than large ones. A ſhilling changes maſters more frequently than a guinea, and a halfpenny more frequently

frequently than a ſhilling. Though the annual purchaſes of all the conſumers, therefore, are at leaſt equal in value to thoſe of all the dealers, they can generally be tranſacted with a much ſmaller quantity of money; the ſame pieces, by a more rapid circulation, ſerving as the inſtrument of many more purchaſes of the one kind than of the other.

PAPER money may be ſo regulated, as either to confine itſelf very much to the circulation between the different dealers, or to extend itſelf likewiſe to a great part of that between the dealers and the conſumers. Where no bank notes are circulated under ten pounds value, as in London, paper money confines itſelf very much to the circulation between the dealers. When a ten pound bank note comes into the hands of a conſumer, he is generally obliged to change it at the firſt ſhop where he has occaſion to purchaſe five ſhillings worth of goods, ſo that it often returns into the hands of a dealer, before the conſumer has ſpent the fortieth part of the money. Where bank notes are iſſued for ſo ſmall ſums as twenty ſhillings, as in Scotland, paper money extends itſelf to a conſiderable part of the circulation between dealers and conſumers. Before the act of parliament, which put a ſtop to the circulation of ten and five ſhilling notes, it filled a ſtill greater part of that circulation. In the currencies of North America, paper was commonly iſſued for ſo ſmall a ſum as a ſhilling, and filled almoſt the whole of that circulation. In ſome paper currencies of Yorkſhire, it was iſſued even for ſo ſmall a ſum as a ſixpence.

WHERE the iſſuing of bank notes for ſuch very ſmall ſums is allowed and commonly practiſed, many mean people are both enabled and encouraged to become bankers. A perſon whoſe promiſſory note for five pounds, or even for twenty ſhillings, would be rejected by every body, will get it to be received without ſcruple when it is iſſued for ſo ſmall a ſum as a ſixpence. But the frequent bankruptcies to which ſuch beggarly bankers muſt be liable, may occaſion a very conſiderable inconveniency, and ſometimes even a very great calamity to many poor people who had received their notes in payment.

IT were better, perhaps, that no bank notes were iſſued in any part of the kingdom for a ſmaller ſum than five pounds. Paper money would then, probably, confine itſelf, in every

part of the kingdom, to the circulation between the different dealers, as much as it does at preſent in London, where no bank notes are iſſued under ten pounds value; five pounds being, in moſt parts of the kingdom, a ſum which, though it will purchaſe, perhaps, little more than half the quantity of goods, is as much conſidered, and is as ſeldom ſpent all at once, as ten pounds are amidſt the profuſe expence of London.

WHERE paper money, it is to be obſerved, is pretty much confined to the circulation between dealers and dealers, as at London, there is always plenty of gold and ſilver. Where it extends itſelf to a conſiderable part of the circulation between dealers and conſumers, as in Scotland, and ſtill more in North America, it baniſhes gold and ſilver almoſt entirely from the country; almoſt all the ordinary tranſactions of its interior commerce being thus carried on by paper. The ſuppreſſion of ten and five ſhilling bank notes, ſomewhat relieved the ſcarcity of gold and ſilver in Scotland; and the ſuppreſſion of twenty ſhilling notes, would probably relieve it ſtill more. Thoſe metals are ſaid to have become more abundant in America, ſince the ſuppreſſion of ſome of their paper currencies. They are ſaid, likewiſe, to have been more abundant before the inſtitution of thoſe currencies.

THOUGH paper money ſhould be pretty much confined to the circulation between dealers and dealers, yet banks and bankers might ſtill be able to give nearly the ſame aſſiſtance to the induſtry and commerce of the country, as they had done when paper money filled almoſt the whole circulation. The ready money which a dealer is obliged to keep by him, for anſwering occaſional demands, is deſtined altogether for the circulation between himſelf and other dealers, of whom he buys goods. He has no occaſion to keep any by him for the circulation between himſelf and the conſumers, who are his cuſtomers, and who bring ready money to him, inſtead of taking any from him. Though no paper money, therefore, was allowed to be iſſued, but for ſuch ſums as would confine it pretty much to the circulation between dealers and dealers; yet, partly by diſcounting real bills of exchange, and partly by lending upon caſh accounts, banks and bankers might ſtill be able to relieve the greater part of thoſe dealers from the neceſſity of keeping any conſiderable part of their ſtock by them, unemployed and in ready money, for anſwering occaſional

occaſional demands. They might ſtill be able to give the utmoſt aſſiſtance which banks and bankers can, with propriety, give to traders of every kind.

To reſtrain private people, it may be ſaid, from receiving in payment the promiſſory notes of a banker, for any ſum whether great or ſmall, when they themſelves are willing to receive them; or, to reſtrain a banker from iſſuing ſuch notes, when all his neighbours are willing to accept of them, is a manifeſt violation of that natural liberty, which it is the proper buſineſs of law, not to infringe, but to ſupport. Such regulations may, no doubt, be conſidered as in ſome reſpect a violation of natural liberty. But thoſe exertions of the natural liberty of a few individuals, which might endanger the ſecurity of the whole ſociety, are, and ought to be, reſtrained by the laws of all governments; of the moſt free, as well as of the moſt deſpotical. The obligation of building party walls, in order to prevent the communication of fire, is a violation of natural liberty, exactly of the ſame kind with the regulations of the banking trade which are here propoſed.

A PAPER money conſiſting in bank notes, iſſued by people of undoubted credit, payable upon demand without any condition, and in fact always readily paid as ſoon as preſented, is, in every reſpect, equal in value to gold and ſilver money; ſince gold and ſilver money can at any time be had for it. Whatever is either bought or ſold for ſuch paper, muſt neceſſarily be bought or ſold as cheap as it could have been for gold and ſilver.

THE increaſe of paper money, it has been ſaid, by augmenting the quantity, and conſequently diminiſhing the value of the whole currency, neceſſarily augments the money price of commodities. But as the quantity of gold and ſilver, which is taken from the currency, is always equal to the quantity of paper which is added to it, paper money does not neceſſarily increaſe the quantity of the whole currency. From the beginning of the laſt century to the preſent time, proviſions never were cheaper in Scotland than in 1759, though, from the circulation of ten and five ſhilling bank notes, there was then more paper money in the country than at preſent. The proportion between the price of proviſions in Scotland and that in England, is the ſame now as before the great multiplication of banking companies in Scotland.

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Corn is, upon moſt occaſions, fully as cheap in England as in France; though there is a great deal of paper money in England, and ſcarce any in France. In 1751 and in 1752, when Mr. Hume publiſhed his Political Diſcourſes, and ſoon after the great multiplication of paper money in Scotland, there was a very ſenſible riſe in the price of proviſions, owing, probably, to the badneſs of the ſeaſons, and not to the multiplication of paper money.

It would be otherwiſe, indeed, with a paper money conſiſting in promiſſory notes, of which the immediate payment depended, in any reſpect, either upon the good will of thoſe who iſſued them; or upon a condition which the holder of the notes might not always have it in his power to fulfil; or of which the payment was not exigible till after a certain number of years, and which in the mean time bore no intereſt. Such a paper money would, no doubt, fall more or leſs below the value of gold and ſilver, according as the difficulty or uncertainty of obtaining immediate payment was ſuppoſed to be greater or leſs; or according to the greater or leſs diſtance of time at which payment was exigible.

Some years ago the different banking companies of Scotland were in the practice of inſerting into their bank notes, what they called an Optional Clauſe, by which they promiſed payment to the bearer, either as ſoon as the note ſhould be preſented, or, in the option of the directors, ſix months after ſuch preſentment, together with the legal intereſt for the ſaid ſix months. The directors of ſome of thoſe banks ſometimes took advantage of this optional clauſe, and ſometimes threatened thoſe who demanded gold and ſilver in exchange for a conſiderable number of their notes, that they would take advantage of it, unleſs ſuch demanders would content themſelves with a part of what they demanded. The promiſſory notes of thoſe banking companies conſtituted at that time the far greater part of the currency of Scotland, which this uncertainty of payment neceſſarily degraded below the value of gold and ſilver money. During the continuance of this abuſe (which prevailed chiefly in 1762, 1763, and 1764), while the exchange between London and Carliſle was at par, that between London and Dumfries would ſometimes be four per cent. againſt Dumfries, though this town is not thirty miles diſtant from Carliſle. But at Carliſle, bills were paid in gold and ſilver; whereas at Dumfries they were paid in Scotch bank

bank notes, and the uncertainty of getting thoſe bank notes exchanged for gold and ſilver coin had thus degraded them four per cent. below the value of that coin. The ſame act of parliament which ſuppreſſed ten and five ſhilling bank notes, ſuppreſſed likewiſe this optional clauſe, and thereby reſtored the exchange between England and Scotland to its natural rate, or to what the courſe of trade and remittances might happen to make it.

In the paper currencies of Yorkſhire, the payment of ſo ſmall a ſum as a ſixpence ſometimes depended upon the condition that the holder of the note ſhould bring the change of a guinea to the perſon who iſſued it; a condition, which the holders of ſuch notes might frequently find it very difficult to fulfil, and which muſt have degraded this currency below the value of gold and ſilver money. An act of parliament, accordingly, declared all ſuch clauſes unlawful, and ſuppreſſed, in the ſame manner as in Scotland, all promiſſory notes, payable to the bearer, under twenty ſhillings value.

The paper currencies of North America conſiſted, not in bank notes payable to the bearer on demand, but in a government paper, of which the payment was not exigible till ſeveral years after it was iſſued: And though the colony governments paid no intereſt to the holders of this paper, they declared it to be, and in fact rendered it, a legal tender of payment for the full value for which it was iſſued. But allowing the colony ſecurity to be perfectly good, a hundred pounds payable fifteen years hence, for example, in a country where intereſt is at ſix per cent. is worth little more than forty pounds ready money. To oblige a creditor, therefore, to accept of this as full payment for a debt of a hundred pounds actually paid down in ready money, was an act of ſuch violent injuſtice, as has ſcarce, perhaps, been attempted by the government of any other country which pretended to be free. It bears the evident marks of having originally been, what the honeſt and downright Doctor Douglas aſſures us it was, a ſcheme of fraudulent debtors to cheat their creditors. The government of Penſylvania, indeed, pretended, upon their firſt emiſſion of paper money, in 1722, to render their paper of equal value with gold and ſilver, by enacting penalties againſt all thoſe who made any difference in the price of their goods when they ſold them for a colony paper, and when they ſold them for gold and ſilver; a regulation equally tyrannical,

tyrannical, but much leſs effectual than that which it was meant to ſupport. A poſitive law may render a ſhilling a legal tender for a guinea; becauſe it may direct the courts of juſtice to diſcharge the debtor who has made that tender. But no poſitive law can oblige a perſon who ſells goods, and who is at liberty to ſell or not to ſell, as he pleaſes, to accept of a ſhilling as equivalent to a guinea in the price of them. Notwithſtanding any regulation of this kind, it appeared by the courſe of exchange with Great Britain, that a hundred pounds ſterling was occaſionally conſidered as equivalent, in ſome of the colonies, to a hundred and thirty pounds, and in others to ſo great a ſum as eleven hundred pounds currency; this difference in the value ariſing from the difference in the quantity of paper emitted in the different colonies, and in the diſtance and probability of the term of its final diſcharge and redemption.

No law, therefore, could be more equitable than the act of parliament, ſo unjuſtly complained of in the colonies, which declared that no paper currency to be emitted there in time coming, ſhould be a legal tender of payment.

PENSYLVANIA was always more moderate in its emiſſions of paper money than any other of our colonies. Its paper currency accordingly is ſaid never to have ſunk below the value of the gold and ſilver which was current in the colony before the firſt emiſſion of its paper money. Before that emiſſion, the colony had raiſed the denomination of its coin, and had, by act of aſſembly, ordered five ſhillings ſterling to paſs in the colony for ſix and three-pence, and afterwards for ſix and eight-pence. A pound colony currency, therefore, even when that currency was gold and ſilver, was more than thirty per cent. below the value of a pound ſterling, and when that currency was turned into paper, it was ſeldom much more than thirty per cent. below that value. The pretence for raiſing the denomination of the coin, was to prevent the exportation of gold and ſilver, by making equal quantities of thoſe metals paſs for greater ſums in the colony than they did in the mother country. It was found, however, that the price of all goods from the mother country roſe exactly in proportion as they raiſed the denomination of their coin, ſo that their gold and ſilver were exported as faſt as ever.

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THE paper of each colony being received in the payment of the provincial taxes, for the full value for which it had been iſſued, it neceſſarily derived from this uſe ſome additional value, over and above what it would have had, from the real or ſuppoſed diſtance of the term of its final diſcharge and redemption. This additional value was greater or leſs, according as the quantity of paper iſſued was more or leſs above what could be employed in the payment of the taxes of the particular colony which iſſued it. It was in all the colonies very much above what could be employed in this manner.

A PRINCE, who ſhould enact that a certain proportion of his taxes ſhould be paid in a paper money of a certain kind, might thereby give a certain value to this paper money; even though the term of its final diſcharge and redemption ſhould depend altogether upon the will of the prince. If the bank which iſſued this paper was careful to keep the quantity of it always ſomewhat below what could eaſily be employed in this manner, the demand for it might be ſuch as to make it even bear a premium, or ſell for ſomewhat more in the market than the quantity of gold or ſilver currency for which it was iſſued. Some people account in this manner for what is called the Agio of the bank of Amſterdam, or for the ſuperiority of bank money over current money; though this bank money, as they pretend, cannot be taken out of the bank at the will of the owner. The greater part of foreign bills of exchange muſt be paid in bank money, that is, by a transfer in the books of the bank; and the directors of the bank, they alledge, are careful to keep the whole quantity of bank money always below what this uſe occaſions a demand for. It is upon this account, they ſay, that bank money ſells for a premium, or bears an agio of four or five per cent. above the ſame nominal ſum of the gold and ſilver currency of the country. This account of the bank of Amſterdam, however, it will appear hereafter, is in a great meaſure chimerical.

A PAPER currency which falls below the value of gold and ſilver coin, does not thereby ſink the value of thoſe metals, or occaſion equal quantities of them to exchange for a ſmaller quantity of goods of any other kind. The proportion between the value of gold and ſilver and that of goods of any other kind, depends in all caſes, not upon the nature or quantity of any particular paper money, which may be current in any particular country, but upon the richneſs or poverty of the mines,

mines, which happen at any particular time to ſupply the great market of the commercial world with thoſe metals. It depends upon the proportion between the quantity of labour which is neceſſary in order to bring a certain quantity of gold and ſilver to market, and that which is neceſſary in order to bring thither a certain quantity of any other ſort of goods.

If bankers are reſtrained from iſſuing any circulating bank notes, or notes payable to the bearer, for leſs than a certain ſum; and if they are ſubjected to the obligation of an immediate and unconditional payment of ſuch bank notes as ſoon as preſented, their trade may, with ſafety to the public, be rendered in all other reſpects perfectly free. The late multiplication of banking companies in both parts of the united kingdom, an event by which many people have been much alarmed, inſtead of diminiſhing, increaſes the ſecurity of the public. It obliges all of them to be more circumſpect in their conduct, and, by not extending their currency beyond its due proportion to their caſh, to guard themſelves againſt thoſe malicious runs, which the rivalſhip of ſo many competitors is always ready to bring upon them. It reſtrains the circulation of each particular company within a narrower circle, and reduces their circulating notes to a ſmaller number. By dividing the whole circulation into a greater number of parts, the failure of any one company, an accident which, in the courſe of things, muſt ſometimes happen, becomes of leſs conſequence to the public. This free competition too obliges all bankers to be more liberal in their dealings with their cuſtomers, leſt their rivals ſhould carry them away. In general, if any branch of trade, or any diviſion of labour, be advantageous to the public, the freer and more general the competition, it will always be the more ſo.

CHAP.

CHAP. III.

Of the Accumulation of Capital, or of productive and unproductive Labour.

THERE is one ſort of labour which adds to the value of the ſubject upon which it is beſtowed: There is another which has no ſuch effect. The former, as it produces a value, may be called productive; the latter, unproductive * labour. Thus the labour of a manufacturer adds, generally, to the value of the materials which he works upon, that of his own maintenance, and of his maſter's profit. The labour of a menial ſervant, on the contrary, adds to the value of nothing. Though the manufacturer has his wages advanced to him by his maſter, he, in reality, coſts him no expence, the value of thoſe wages being generally reſtored, together with a profit, in the improved value of the ſubject upon which his labour is beſtowed. But the maintenance of a menial ſervant never is reſtored. A man grows rich by employing a multitude of manufacturers: He grows poor, by maintaining a multitude of menial ſervants. The labour of the latter, however, has its value, and deſerves its reward as well as that of the former. But the labour of the manufacturer fixes and realizes itſelf in ſome particular ſubject or vendible commodity, which laſts for ſome time at leaſt after that labour is paſt. It is, as it were, a certain quantity of labour ſtocked and ſtored up to be employed, if neceſſary, upon ſome other occaſion. That ſubject, or what is the ſame thing, the price of that ſubject, can afterwards, if neceſſary, put into motion a quantity of labour equal to that which had originally produced it. The labour of the menial ſervant, on the contrary, does not fix or realize itſelf in any particular ſubject or vendible commodity. His ſervices generally periſh in the very inſtant of their perform-

* Some French authors of great learning and ingenuity have uſed thoſe words in a different ſenſe. In the laſt chapter of the fourth book, I ſhall endeavour to ſhow that their ſenſe is an improper one.

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ance, and ſeldom leave any trace or value behind them, for which an equal quantity of ſervice could afterwards be procured.

THE labour of ſome of the moſt reſpectable orders in the ſociety is, like that of menial ſervants, unproductive of any value, and does not fix or realize itſelf in any permanent ſubject, or vendible commodity, which endures after that labour is paſt, and for which an equal quantity of labour could afterwards be procured. The ſovereign, for example, with all the officers both of juſtice and war who ſerve under him, the whole army and navy, are unproductive labourers. They are the ſervants of the public, and are maintained by a part of the annual produce of the induſtry of other people. Their ſervice, how honourable, how uſeful, or how neceſſary ſoever, produces nothing for which an equal quantity of ſervice can afterwards be procured. The protection, ſecurity, and defence of the common-wealth, the effect of their labour this year, will not purchaſe its protection, ſecurity, and defence, for the year to come. In the ſame claſs muſt be ranked, ſome both of the graveſt and moſt important, and ſome of the moſt frivolous profeſſions: churchmen, lawyers, phyſicians, men of letters of all kinds; players, buffoons, muſicians, opera-ſingers, opera-dancers, &c. The labour of the meaneſt of theſe has a certain value, regulated by the very ſame principles which regulate that of every other ſort of labour; and that of the nobleſt and moſt uſeful, produces nothing which could afterwards purchaſe or procure an equal quantity of labour. Like the declamation of the actor, the harangue of the orator, or the tune of the muſician, the work of all of them periſhes in the very inſtant of its production.

BOTH productive and unproductive labourers, and thoſe who do not labour at all, are all equally maintained by the annual produce of the land and labour of the country. This produce, how great ſoever, can never be infinite, but muſt have certain limits. According, therefore, as a ſmaller or greater proportion of it is in any one year employed in maintaining unproductive hands, the more in the one caſe and the leſs in the other will remain for the productive, and the next year's produce will be greater or ſmaller accordingly; the whole annual produce, if we except the ſpontaneous

taneous productions of the earth, being the effect of productive labour.

THOUGH the whole annual produce of the land and labour of every country, is, no doubt, ultimately deſtined for ſupplying the conſumption of its inhabitants, and for procuring a revenue to them; yet when it firſt comes either from the ground, or from the hands of the productive labourers, it naturally divides itſelf into two parts. One of them, and frequently the largeſt, is, in the firſt place, deſtined for replacing a capital, or for renewing the proviſions, materials, and finiſhed work, which had been withdrawn from a capital; the other for conſtituting a revenue either to the owner of this capital, as the profit of his ſtock; or to ſome other perſon, as the rent of his land. Thus, of the produce of land, one part replaces the capital of the farmer; the other pays his profit and the rent of the landlord; and thus conſtitutes a revenue both to the owner of this capital, as the profits of his ſtock; and to ſome other perſon, as the rent of his land. Of the produce of a great manufactory, in the ſame manner, one part, and that always the largeſt, replaces the capital of the undertaker of the work; the other pays his profit, and thus conſtitutes a revenue to the owner of this capital.

THAT part of the annual produce of the land and labour of any country which replaces a capital, never is immediately employed to maintain any but productive hands. It pays the wages of productive labour only. That which is immediately deſtined for conſtituting a revenue either as profit or as rent, may maintain indifferently either productive or unproductive hands.

WHATEVER part of his ſtock a man employs as a capital, he always expects is to be replaced to him with a profit. He employs it, therefore, in maintaining productive hands only; and after having ſerved in the function of a capital to him, it conſtitutes a revenue to them. Whenever he employs any part of it in maintaining unproductive hands of any kind, that part is, from that moment, withdrawn from his capital, and placed in his ſtock reſerved for immediate conſumption.

UNPRODUCTIVE

UNPRODUCTIVE labourers, and thoſe who do not labour at all, are all maintained by revenue; either, firſt, by that part of the annual produce which is originally deſtined for conſtituting a revenue to ſome particular perſons, either as the rent of land or as the profits of ſtock; or, ſecondly, by that part which, though originally deſtined for replacing a capital and for maintaining productive labourers only, yet when it comes into their hands, whatever part of it is over and above their neceſſary ſubſiſtence, may be employed in maintaining indifferently either productive or unproductive hands. Thus, not only the great landlord or the rich merchant, but even the common workman, if his wages are conſiderable, may maintain a menial ſervant; or he may ſometimes go to a play or a puppet-ſhow, and ſo contribute his ſhare towards maintaining one ſet of unproductive labourers; or he may pay ſome taxes, and thus help to maintain another ſet, more honourable and uſeful, indeed, but equally unproductive. No part of the annual produce, however, which had been originally deſtined to replace a capital, is ever directed towards maintaining unproductive hands, till after it has put into motion its full complement of productive labour, or all that it could put into motion in the way in which it was employed. The workman muſt have earned his wages by work done, before he can employ any part of them in this manner. That part too is generally but a ſmall one. It is his ſpare revenue only, of which productive labourers have ſeldom a great deal. They generally have ſome, however; and in the payment of taxes the greatneſs of their number may compenſate, in ſome meaſure, the ſmallneſs of their contribution. The rent of land and the profits of ſtock are every where, therefore, the principal ſources from which unproductive hands derive their ſubſiſtence. Theſe are the two ſorts of revenue of which the owners have generally moſt to ſpare. They might both maintain indifferently either productive or unproductive hands. They ſeem, however, to have ſome predilection for the latter. The expence of a great lord feeds generally more idle than induſtrious people. The rich merchant, though with his capital he maintains induſtrious people only, yet by his expence, that is, by the employment of his revenue, he feeds commonly the very ſame ſort as the great lord.

THE proportion, therefore, between the productive and unproductive hands, depends very much in every country upon

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upon the proportion between that part of the annual produce, which, as ſoon as it comes either from the ground or from the hands of the productive labourers, is deſtined for replacing a capital, and that which is deſtined for conſtituting a revenue, either as rent, or as profit. This proportion is very different in rich from what it is in poor countries.

THUS, at preſent, in the opulent countries of Europe, a very large, frequently the largeſt portion of the produce of the land, is deſtined for replacing the capital of the rich and independent farmer; the other for paying his profits, and the rent of the landlord. But antiently, during the prevalency of the feudal government, a very ſmall portion of the produce was ſufficient to replace the capital employed in cultivation. It conſiſted commonly in a few wretched cattle, maintained altogether by the ſpontaneous produce of uncultivated land, and which might, therefore, be conſidered as a part of that ſpontaneous produce. It generally too belonged to the landlord, and was by him advanced to the occupiers of the land. All the reſt of the produce properly belonged to him too, either as rent for his land, or as profit upon this paultry capital. The occupiers of land were generally bondmen, whoſe perſons and effects were equally his property. Thoſe who were not bondmen were tenants at will, and though the rent which they paid was often nominally little more than a quit-rent, it really amounted to the whole produce of the land. Their lord could at all times command their labour in peace, and their ſervice in war. Though they lived at a diſtance from his houſe, they were equally dependant upon him as his retainers who lived in it. But the whole produce of the land undoubtedly belongs to him, who can diſpoſe of the labour and ſervice of all thoſe whom it maintains. In the preſent ſtate of Europe, the ſhare of the landlord ſeldom exceeds a third, ſometimes not a fourth part of the whole produce of the land. The rent of land, however, in all the improved parts of the country, has been tripled and quadrupled ſince thoſe antient times; and this third or fourth part of the annual produce is, it ſeems, three or four times greater than the whole had been before. In the progreſs of improvement, rent, though it increaſes in proportion to the extent, diminiſhes in proportion to the produce of the land.

IN

In the opulent countries of Europe, great capitals are at preſent employed in trade and manufactures. In the antient ſtate, the little trade that was ſtirring, and the few homely and coarſe manufactures that were carried on, required but very ſmall capitals. Theſe, however, muſt have yielded very large profits. The rate of intereſt was no where leſs than ten per cent. and their profits muſt have been ſufficient to afford this great intereſt. At preſent the rate of intereſt, in the improved parts of Europe, is no where higher than ſix per cent. and in ſome of the moſt improved it is ſo low as four, three, and two per cent. Though that part of the revenue of the inhabitants which is derived from the profits of ſtock is always much greater in rich than in poor countries, it is becauſe the ſtock is much greater: in proportion to the ſtock the profits are generally much leſs.

That part of the annual produce, therefore, which, as ſoon as it comes either from the ground, or from the hands of the productive labourers, is deſtined for replacing a capital, is not only much greater in rich than in poor countries, but bears a much greater proportion to that which is immediately deſtined for conſtituting a revenue either as rent or as profit. The funds deſtined for the maintenance of productive labour, are not only much greater in the former than in the latter, but bear a much greater proportion to thoſe which, though they may be employed to maintain either productive or unproductive hands, have generally a predilection for the latter.

The proportion between thoſe different funds neceſſarily determines in every country the general character of the inhabitants as to induſtry or idleneſs. We are more induſtrious than our forefathers; becauſe in the preſent times the funds deſtined for the maintenance of induſtry, are much greater in proportion to thoſe which are likely to be employed in the maintenance of idleneſs, than they were two or three centuries ago. Our anceſtors were idle for want of a ſufficient encouragement to induſtry. It is better, ſays the proverb, to play for nothing, than to work for nothing. In mercantile and manufacturing towns, where the inferior ranks of people are chiefly maintained by the employment of capital, they are in general induſtrious, ſober, and thriving; as in many Engliſh and in moſt Dutch towns. In thoſe towns which are principally ſupported by the conſtant or occaſional reſidence of a court, and in which the inferior ranks of people are chiefly maintained

maintained by the ſpending of revenue, they are in general idle, diſſolute, and poor; as at Rome, Verſailles, Compiegne, and Fontainbleau. If you except Rouen and Bourdeaux, there is little trade or induſtry in any of the parliament towns of France; and the inferior ranks of people, being chiefly maintained by the expence of the members of the courts of juſtice, and of thoſe who come to plead before them, are in general idle and poor. The great trade of Rouen and Bourdeaux ſeems to be altogether the effect of their ſituation. Rouen is neceſſarily the entrepôt of almoſt all the goods which are brought either from foreign countries, or from the maritime provinces of France, for the conſumption of the great city of Paris. Bourdeaux is in the ſame manner the entrepôt of the wines which grow upon the banks of the Garonne, and of the rivers which run into it, one of the richeſt wine countries in the world, and which ſeems to produce the wine fitteſt for exportation, or beſt ſuited to the taſte of foreign nations. Such advantageous ſituations neceſſarily attract a great capital by the great employment which they afford it; and the employment of this capital is the cauſe of the induſtry of thoſe two cities. In the other parliament towns of France, very little more capital ſeems to be employed than what is neceſſary for ſupplying their own conſumption; that is, little more than the ſmalleſt capital which can be employed in them. The ſame thing may be ſaid of Paris, Madrid, and Vienna. Of thoſe three cities, Paris is by far the moſt induſtrious; but Paris itſelf is the principal market of all the manufactures eſtabliſhed at Paris, and its own conſumption is the principal object of all the trade which it carries on. London, Liſbon, and Copenhagen, are, perhaps the only three cities in Europe, which are both the conſtant reſidence of a court, and can at the ſame time be conſidered as trading cities, or as cities which trade not only for their own conſumption, but for that of other cities and countries. The ſituation of all the three is extremely advantageous, and naturally fits them to be the entrepôts of a great part of the goods deſtined for the conſumption of diſtant places. In a city where a great revenue is ſpent, to employ with advantage a capital for any other purpoſe than for ſupplying the conſumption of that city, is probably more difficult than in one in which the inferior ranks of people have no other maintenance but what they derive from the employment of ſuch a capital. The idleneſs of the greater part of the people who are maintained by the expence of revenue,

revenue, corrupts, it is probable, the induſtry of thoſe who ought to be maintained by the employment of capital, and renders it leſs advantageous to employ a capital there than in other places. There was little trade or induſtry in Edinburgh before the union. When the Scotch parliament was no longer to be aſſembled in it, when it ceaſed to be the neceſſary reſidence of the principal nobility and gentry of Scotland, it became a city of ſome trade and induſtry. It ſtill continues, however, to be the reſidence of the principal courts of juſtice in Scotland, of the boards of cuſtoms and exciſe, &c. A conſiderable revenue, therefore, ſtill continues to be ſpent in it. In trade and induſtry it is much inferior to Glaſgow, of which the inhabitants are chiefly maintained by the employment of capital. The inhabitants of a large village, it has ſometimes been obſerved, after having made conſiderable progreſs in manufactures, have become idle and poor, in conſequence of a great lord's having taken up his reſidence in their neighbourhood.

THE proportion between capital and revenue, therefore, ſeems every where to regulate the proportion between induſtry and idleneſs. Wherever capital predominates, induſtry prevails: wherever revenue, idleneſs. Every increaſe or diminution of capital, therefore, naturally tends to increaſe or diminiſh the real quantity of induſtry, the number of productive hands, and conſequently the exchangeable value of the annual produce of the land and labour of the country, the real wealth and revenue of all its inhabitants.

CAPITALS are increaſed by parſimony, and diminiſhed by prodigality and miſconduct.

WHATEVER a perſon ſaves from his revenue he adds to his capital, and either employs it himſelf in maintaining an additional number of productive hands, or enables ſome other perſon to do ſo, by lending it to him for an intereſt, that is, for a ſhare of the profits. As the capital of an individual can be increaſed only by what he ſaves from his annual revenue or his annual gains, ſo the capital of a ſociety, which is the ſame with that of all the individuals who compoſe it, can be increaſed only in the ſame manner.

PARSIMONY, and not induſtry, is the immediate cauſe of the increaſe of capital. Induſtry, indeed, provides the ſubject

ſubject which parſimony accumulates. But whatever induſtry might acquire, if parſimony did not ſave and ſtore up, the capital would never be the greater.

PARSIMONY, by increaſing the fund which is deſtined for the maintenance of productive hands, tends to increaſe the number of thoſe hands whoſe labour adds to the value of the ſubject upon which it is beſtowed. It tends therefore to increaſe the exchangeable value of the annual produce of the land and labour of the country. It puts into motion an additional quantity of induſtry, which gives an additional value to the annual produce.

WHAT is annually ſaved is as regularly conſumed as what is annually ſpent, and nearly in the ſame time too; but it is conſumed by a different ſet of people. That portion of his revenue which a rich man annually ſpends, is in moſt caſes conſumed by idle gueſts, and menial ſervants, who leave nothing behind them in return for their conſumption. That portion which he annually ſaves, as for the ſake of the profit it is immediately employed as a capital, is conſumed in the ſame manner, and nearly in the ſame time too, but by a different ſet of people, by labourers, manufacturers, and artificers, who re-produce with a profit the value of their annual conſumption. His revenue, we ſhall ſuppoſe, is paid him in money. Had he ſpent the whole, the food, cloathing, and lodging which the whole could have purchaſed, would have been diſtributed among the former ſet of people. By ſaving a part of it, as that part is for the ſake of the profit immediately employed as a capital either by himſelf or by ſome other perſon, the food, cloathing, and lodging, which may be purchaſed with it, are neceſſarily reſerved for the latter. The conſumption is the ſame, but the conſumers are different.

BY what a frugal man annually ſaves, he not only affords maintenance to an additional number of productive hands, for that or the enſuing year, but, like the founder of a publick work-houſe, he eſtabliſhes as it were a perpetual fund for the maintenance of an equal number in all times to come. The perpetual allotment and deſtination of this fund, indeed, is not always guarded by any poſitive law, by any truſt-right or deed of mortmain. It is always guarded, however, by a very powerful principle, the plain and evident intereſt of

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every individual to whom any ſhare of it ſhall ever belong. No part of it can ever afterwards be employed to maintain any but productive hands, without an evident loſs to the perſon who thus perverts it from its proper deſtination.

THE prodigal perverts it in this manner. By not confining his expence within his income, he encroaches upon his capital. Like him who perverts the revenues of ſome pious foundation to profane purpoſes, he pays the wages of idleneſs with thoſe funds which the frugality of his forefathers had, as it were, conſecrated to the maintenance of induſtry. By diminiſhing the funds deſtined for the employment of productive labour, he neceſſarily diminiſhes, ſo far as it depends upon him, the quantity of that labour which adds a value to the ſubject upon which it is beſtowed, and, conſequently, the value of the annual produce of the land and labour of the whole country, the real wealth and revenue of its inhabitants. If the prodigality of ſome was not compenſated by the frugality of others, the conduct of every prodigal, by feeding the idle with the bread of the induſtrious, tends not only to beggar himſelf, but to impoveriſh his country.

THOUGH the expence of the prodigal ſhould be altogether in home-made, and no part of it in foreign commodities, its effect upon the productive funds of the ſociety would ſtill be the ſame. Every year there would ſtill be a certain quantity of food and cloathing, which ought to have maintained productive, employed in maintaining unproductive hands. Every year, therefore, there would ſtill be ſome diminution in what would otherwiſe have been the value of the annual produce of the land and labour of the country.

THIS expence, it may be ſaid indeed, not being in foreign goods, and not occaſioning any exportation of gold and ſilver, the ſame quantity of money would remain in the country as before. But if the quantity of food and cloathing, which were thus conſumed by unproductive, had been diſtributed among productive hands, they would have reproduced, together with a profit, the full value of their conſumption. The ſame quantity of money would in this caſe equally have remained in the country, and there would beſides have been a reproduction of an equal value of conſumable goods. There would have been two values inſtead of one.

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THE ſame quantity of money, beſides, cannot long remain in any country, in which the value of the annual produce diminiſhes. The ſole uſe of money is to circulate conſumable goods. By means of it, proviſions, materials, and finiſhed work, are bought and ſold, and diſtributed to their proper conſumers. The quantity of money, therefore, which can be annually employed in any country muſt be determined by the value of the conſumable goods annually circulated within it. Theſe muſt conſiſt either in the immediate produce of the land and labour of the country itſelf, or in ſomething which had been purchaſed with ſome part of that produce. Their value, therefore, muſt diminiſh as the value of that produce diminiſhes, and along with it the quantity of money which can be employed in circulating them. But the money which by this annual diminution of produce is annually thrown out of domeſtic circulation will not be allowed to lie idle. The intereſt of whoever poſſeſſes it, requires that it ſhould be employed. But having no employment at home, it will, in ſpite of all laws and prohibitions, be ſent abroad, and employed in purchaſing conſumable goods which may be of ſome uſe at home. Its annual exportation will in this manner continue for ſome time to add ſomething to the annual conſumption of the country beyond the value of its own annual produce. What in the days of its proſperity had been ſaved from that annual produce, and employed in purchaſing gold and ſilver, will contribute for ſome little time to ſupport its conſumption in adverſity. The exportation of gold and ſilver is, in this caſe, not the cauſe, but the effect of its declenſion, and may even, for ſome little time, alleviate the miſery of that declenſion.

THE quantity of money, on the contrary, muſt in every country naturally increaſe as the value of the annual produce increaſes. The value of the conſumable goods annually circulated within the ſociety being greater, will require a greater quantity of money to circulate them. A part of the increaſed produce, therefore, will naturally be employed in purchaſing, wherever it is to be had, the additional quantity of gold and ſilver neceſſary for circulating the reſt. The increaſe of thoſe metals will in this caſe be the effect, not the cauſe, of the public proſperity. Gold and ſilver are purchaſed every where in the ſame manner. The food, cloathing, and lodging, the revenue and maintenance of all thoſe whoſe labour or ſtock is employed in bringing them

from the mine to the market, is the price paid for them in Peru as well as in England. The country which has this price to pay, will never be long without the quantity of thoſe metals which it has occaſion for; and no country will ever long retain a quantity which it has no occaſion for.

WHATEVER, therefore, we may imagine the real wealth and revenue of a country to conſiſt in, whether in the value of the annual produce of its land and labour, as plain reaſon ſeems to dictate; or in the quantity of the precious metals which circulate within it, as vulgar prejudices ſuppoſe; in either view of the matter, every prodigal appears to be a public enemy, and every frugal man a public benefactor.

THE effects of miſconduct are often the ſame as thoſe of prodigality. Every injudicious and unſucceſsful project in agriculture, mines, fiſheries, trade, or manufactures, tends in the ſame manner to diminiſh the funds deſtined for the maintenance of productive labour. In every ſuch project, though the capital is conſumed by productive hands only, yet, as by the injudicious manner in which they are employed, they do not reproduce the full value of their conſumption, there muſt always be ſome diminution in what would otherwiſe have been the productive funds of the ſociety.

IT can ſeldom happen, indeed, that the circumſtances of a great nation can be much affected either by the prodigality or miſconduct of individuals; the profuſion or imprudence of ſome being always more than compenſated by the frugality and good conduct of others.

WITH regard to profuſion, the principle, which prompts to expence, is the paſſion for preſent enjoyment; which, though ſometimes violent and very difficult to be reſtrained, is in general only momentary and occaſional. But the principle which prompts to ſave, is the deſire of bettering our condition, a deſire which, though generally calm and diſpaſſionate, comes with us from the womb, and never leaves us till we go into the grave. In the whole interval which ſeparates thoſe two moments, there is ſcarce perhaps a ſingle inſtant in which any man is ſo perfectly and completely ſatisfied

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ſatisfied with his ſituation, as to be without any wiſh of alteration or improvement of any kind. An augmentation of fortune is the means by which the greater part of men propoſe and wiſh to better their condition. It is the means the moſt vulgar and the moſt obvious; and the moſt likely way of augmenting their fortune, is to ſave and accumulate ſome part of what they acquire, either regularly and annually, or upon ſome extraordinary occaſions. Though the principle of expence, therefore, prevails in almoſt all men upon ſome occaſions, and in ſome men upon almoſt all occaſions, yet in the greater part of men, taking the whole courſe of their life at an average, the principle of frugality ſeems not only to predominate, but to predominate very greatly.

With regard to miſconduct, the number of prudent and ſucceſsful undertakings is every where much greater than that of injudicious and unſucceſsful ones. After all our complaints of the frequency of bankruptcies, the unhappy men who fall into this misfortune make but a very ſmall part of the whole number engaged in trade, and all other ſorts of buſineſs; not much more perhaps than one in a thouſand. Bankruptcy is perhaps the greateſt and moſt humiliating calamity which can befal an innocent man. The greater part of men, therefore, are ſufficiently careful to avoid it. Some, indeed, do not avoid it; as ſome do not avoid the gallows.

Great nations are never impoveriſhed by private, though they ſometimes are by public prodigality and miſconduct. The whole, or almoſt the whole public revenue, is in moſt countries employed in maintaining unproductive hands. Such are the people who compoſe a numerous and ſplendid court, a great eccleſiaſtical eſtabliſhment, great fleets and armies, who in time of peace produce nothing, and in time of war acquire nothing which can compenſate the expence of maintaining them, even while the war laſts. Such people, as they themſelves produce nothing, are all maintained by the produce of other men's labour. When multiplied, therefore, to an unneceſſary number, they may in a particular year conſume ſo great a ſhare of this produce, as not to leave a ſufficiency for maintaining the productive labourers, who ſhould reproduce it next year. The next year's produce, therefore, will be leſs than that of the foregoing, and if the ſame diſorder ſhould continue, that of the third year will be ſtill

ſtill leſs than that of the ſecond. Thoſe unproductive hands, who ſhould be maintained by a part only of the ſpare revenue of the people, may conſume ſo great a ſhare of their whole revenue, and thereby oblige ſo great a number to encroach upon their capitals, upon the funds deſtined for the maintenance of productive labour, that all the frugality and good conduct of individuals may not be able to compenſate the waſte and degradation of produce occaſioned by this violent and forced encroachment.

THIS frugality and good conduct, however, is upon moſt occaſions, it appears from experience, ſufficient to compenſate, not only the private prodigality and miſconduct of individuals, but the public extravagance of government. The uniform, conſtant, and uninterrupted effort of every man to better his condition, the principle from which public and national, as well as private opulence is originally derived, is frequently powerful enough to maintpin the natural progreſs of things toward improvement, in ſpite both of the extravagance of government, and of the greateſt errors of adminiſtration. Like the unknown principle of animal life, it frequently reſtores health and vigour to the conſtitution, in ſpite, not only of the diſeaſe, but of the abſurd preſcriptions of the doctor.

THE annual produce of the land and labour of any nation can be increaſed in its value by no other means, but by increaſing either the number of its productive labourers, or the productive powers of thoſe labourers who had before been employed. The number of its productive labourers, it is evident, can never be much increaſed, but in conſequence of an increaſe of capital, or of the funds deſtined for maintaining them. The productive powers of the ſame number of labourers cannot be increaſed, but in conſequence either of ſome addition and improvement to thoſe machines and inſtruments which facilitate and abridge labour; or of a more proper diviſion and diſtribution of employment. In either caſe an additional capital is almoſt always required. It is by means of an additional capital only that the undertaker of any work can either provide his workmen with better machinery, or make a more proper diſtribution of employment among them. When the work to be done conſiſts of a number of parts, to keep every man conſtantly employed in one way, requires a much greater capital than where every man is

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is occaſionally employed in every different part of the work. When we compare, therefore, the ſtate of a nation at two different periods, and find, that the annual produce of its land and labour is evidently greater at the latter than at the former, that its lands are better cultivated, its manufactures more numerous and more flouriſhing, and its trade more extenſive, we may be aſſured that its capital muſt have increaſed during the interval between thoſe two periods, and that more muſt have been added to it by the good conduct of ſome, than had been taken from it either by the private miſconduct of others, or by the public extravagance of government. But we ſhall find this to have been the caſe of almoſt all nations, in all tolerably quiet and peaceable times, even of thoſe who have not enjoyed the moſt prudent and parſimonious governments. To form a right judgment of it, indeed, we muſt compare the ſtate of the country at periods ſomewhat diſtant from one another. The progreſs is frequently ſo gradual, that, at near periods, the improvement is not only not ſenſible, but from the declenſion either of certain branches of induſtry, or of certain diſtricts of the country, things which ſometimes happen though the country in general be in great proſperity, there frequently ariſes a ſuſpicion, that the riches and induſtry of the whole are decaying.

THE annual produce of the land and labour of England, for example, is certainly much greater than it was, a little more than a century ago, at the reſtoration of Charles II. Though at preſent, few people, I believe, doubt of this, yet during this period, five years have ſeldom paſſed away in which ſome book or pamphlet has not been publiſhed, written too with ſuch abilities as to gain ſome authority with the public, and pretending to demonſtrate that the wealth of the nation was faſt declining, that the country was depopulated, agriculture neglected, manufactures decaying, and trade undone. Nor have theſe publications been all party pamphlets, the wretched offſpring of falſhood and venality. Many of them have been written by very candid and very intelligent people; who wrote nothing but what they believed, and for no other reaſon but becauſe they believed it.

THE annual produce of the land and labour of England again, was certainly much greater at the reſtoration, than we can ſuppoſe it to have been about an hundred years before, at the

the acceſſion of Elizabeth. At this period too, we have all reaſon to believe, the country was much more advanced in improvement, than it had been about a century before, towards the cloſe of the diſſentions between the houſes of York and Lancaſter. Even then it was, probably, in a better condition than it had been at the Norman conqueſt, and at the Norman conqueſt, than during the confuſion of the Saxon Heptarchy. Even at this early period, it was certainly a more improved country than at the invaſion of Julius Cæſar, when its inhabitants were nearly in the ſame ſtate with the ſavages in North America.

In each of thoſe periods, however, there was, not only much private and public profuſion, many expenſive and unneceſſary wars, great perverſion of the annual produce from maintaining productive to maintain unproductive hands; but ſometimes, in the confuſion of civil diſcord, ſuch abſolute waſte and deſtruction of ſtock, as might be ſuppoſed, not only to retard, as it certainly did, the natural accumulation of riches, but to have left the country, at the end of the period, poorer than at the beginning. Thus, in the happieſt and moſt fortunate period of them all, that which has paſſed ſince the reſtoration, how many diſorders and misfortunes have occurred, which could they have been foreſeen, not only the impoveriſhment, but the total ruin of the country would have been expected from them? The fire and the plague of London, the two Dutch wars, the diſorders of the revolution, the war in Ireland, the four expenſive French wars of 1688, 1702, 1742, and 1756, together with the two rebellions of 1715 and 1745. In the courſe of the four French wars, the nation has contracted more than a hundred and forty-five millions of debt, over and above all the other extraordinary annual expence which they occaſioned, ſo that the whole cannot be computed at leſs than two hundred millions. So great a ſhare of the annual produce of the land and labour of the country, has, ſince the revolution, been employed upon different occaſions, in maintaining an extraordinary number of unproductive hands. But had not thoſe wars given this particular direction to ſo large a capital, the greater part of it would naturally have been employed in maintaining productive hands, whoſe labour would have replaced, with a profit, the whole value of their conſumption. The value of the annual produce of the land and labour of the country, would have been conſiderably increaſed by it every year,

year, and every year's increaſe would have augmented ſtill more that of the following year. More houſes would have been built, more lands would have been improved, and thoſe which had been improved before would have been better cultivated, more manufactures would have been eſtabliſhed, and thoſe which had been eſtabliſhed before would have been more extended; and to what height the real wealth and revenue of the country might, by this time, have been raiſed, it is not perhaps very eaſy even to imagine.

BUT though the profuſion of government muſt, undoubtedly, have retarded the natural progreſs of England towards wealth and improvement, it has not been able to ſtop it. The annual produce of its land and labour is, undoubtedly, much greater at preſent than it was either at the reſtoration or at the revolution. The capital, therefore, annually employed in cultivating this land, and in maintaining this labour, muſt likewiſe be much greater. In the midſt of all the exactions of government, this capital has been ſilently and gradually accumulated by the private frugality and good conduct of individuals, by their univerſal, continual, and uninterrupted effort to better their own condition. It is this effort, protected by law and allowed by liberty to exert itſelf in the manner that is moſt advantageous, which has maintained the progreſs of England towards opulence and improvement in almoſt all former times, and which, it is to be hoped, will do ſo in all future times. England, however, as it has never been bleſſed with a very parſimonious government, ſo parſimony has at no time been the characteriſtical virtue of its inhabitants. It is the higheſt impertinence and preſumption, therefore, in kings and miniſters, to pretend to watch over the œconomy of private people, and to reſtrain their expence either by ſumptuary laws, or by prohibiting the importation of foreign luxuries. They are themſelves always, and without any exception, the greateſt ſpendthrifts in the ſociety. Let them look well after their own expence, and they may ſafely truſt private people with theirs. If their own extravagance does not ruin the ſtate, that of their ſubjects never will.

As frugality increaſes, and prodigality diminiſhes the public capital, ſo the conduct of thoſe, whoſe expence juſt equals their revenue, without either accumulating or encroaching, neither increaſes nor diminiſhes it. Some modes of

of expence, however, seem to contribute more to the growth of public opulence than others.

THE revenue of an individual may be spent, either in things which are consumed immediately, and in which one day's expence can neither alleviate nor support that of another; or it may be spent in things more durable, which can therefore be accumulated, and in which every day's expence may, as he chuses, either alleviate or support and heighten the effect of that of the following day. A man of fortune, for example, may either spend his revenue in a profuse and sumptuous table, and in maintaining a great number of menial servants, and a multitude of dogs and horses; or contenting himself with a frugal table and few attendants, he may lay out the greater part of it in adorning his house or his country villa, in useful or ornamental buildings, in useful or ornamental furniture, in collecting books, statues, pictures; or in things more frivolous, jewels, baubles, ingenious trinkets of different kinds; or, what is most trifling of all, in amassing a great wardrobe of fine cloaths, like the favourite and minister of a great prince who died a few years ago. Were two men of equal fortune to spend their revenue, the one chiefly in the one way, the other in the other, the magnificence of the person whose expence had been chiefly in durable commodities, would be continually increasing, every day's expence contributing something to support and heighten the effect of that of the following day: that of the other, on the contrary, would be no greater at the end of the period than at the beginning. The former too would, at the end of the period, be the richer man of the two. He would have a stock of goods of some kind or other, which, though it might not be worth all that it cost, would always be worth something. No trace or vestige of the expence of the latter would remain, and the effects of ten or twenty years profusion would be as completely annihilated as if they had never existed.

As the one mode of expence is more favourable than the other to the opulence of an individual, so is it likewise to that of a nation. The houses, the furniture, the cloathing of the rich, in a little time, become useful to the inferior and middling ranks of people. They are able to purchase them when their superiors grow weary of them, and the general

general accommodation of the whole people is thus gradually improved, when this mode of expence becomes univerſal among men of fortune. In countries which have long been rich, you will frequently find the inferior ranks of people in poſſeſſion both of houſes and furniture perfectly good and entire, but of which neither the one could have been built, nor the other have been made for their uſe. What was formerly a ſeat of the family of Seymour, is now an inn upon the Bath road. The marriage-bed of James the Firſt of Great Britain, which his Queen brought with her from Denmark, as a preſent fit for a ſovereign to make to a ſovereign, was, a few years ago, the ornament of an ale-houſe at Dunfermline. In ſome ancient cities, which either have been long ſtationary, or have gone ſomewhat to decay, you will ſometimes ſcarce find a ſingle houſe which could have been built for its preſent inhabitants. If you go into thoſe houſes too, you will frequently find many excellent, though antiquated pieces of furniture, which are ſtill very fit for uſe, and which could as little have been made for them. Noble palaces, magnificent villas, great collections of books, ſtatues, pictures, and other curioſities, are frequently both an ornament and an honour, not only to the neighbourhood, but to the whole country to which they belong. Verſailles is an ornament and an honour to France, Stowe and Wilton to England. Italy ſtill continues to command ſome ſort of veneration by the number of monuments of this kind which it poſſeſſes, though the wealth which produced them has decayed, and though the genius which planned them ſeems to be extinguiſhed, perhaps from not having the ſame employment.

The expence too, which is laid out in durable commodities, is favourable, not only to accumulation, but to frugality. If a perſon ſhould at any time exceed in it, he can eaſily reform without expoſing himſelf to the cenſure of the public. To reduce very much the number of his ſervants, to reform his table from great profuſion to great frugality, to lay down his equipage after he has once ſet it up, are changes which cannot eſcape the obſervation of his neighbours, and which are ſuppoſed to imply ſome acknowledgment of preceding bad conduct. Few, therefore, of thoſe who have once been ſo unfortunate as to launch out too far into this ſort of expence, have afterwards the courage to reform, till ruin and bankruptcy oblige them. But if a perſon

fon has, at any time, been at too great an expence in building, in furniture, in books or pictures, no imprudence can be inferred from his changing his conduct. Theſe are things in which further expence is frequently rendered unneceſſary by former expence; and when a perſon ſtops ſhort, he appears to do ſo, not becauſe he has exceeded his fortune, but becauſe he has ſatisfied his fancy.

THE expence, beſides, that is laid out in durable commodities, gives maintenance, commonly, to a greater number of people, than that which is employed in the moſt profuſe hoſpitality. Of two or three hundred weight of proviſions, which may ſometimes be ſerved up at a great feſtival, one-half, perhaps, is thrown to the dunghill, and there is always a great deal waſted and abuſed. But if the expence of this entertainment had been employed in ſetting to work, maſons, carpenters, upholſterers, mechanics, &c. a quantity of proviſions, of equal value, would have been diſtributed among a ſtill greater number of people, who would have bought them in penny-worths and pound weights, and not have loſt or thrown away a ſingle ounce of them. In the one way, beſides, this expence maintains productive, in the other unproductive hands. In the one way, therefore, it increaſes, in the other, it does not increaſe, the exchangeable value of the annual produce of the land and labour of the country.

I WOULD not, however, by all this be underſtood to mean, that the one ſpecies of expence always betokens a more liberal or generous ſpirit than the other. When a man of fortune ſpends his revenue chiefly in hoſpitality, he ſhares the greater part of it with his friends and companions; but when he employs it in purchaſing ſuch durable commodities, he often ſpends the whole upon his own perſon, and gives nothing to any body without an equivalent. The latter ſpecies of expence, therefore, eſpecially when directed towards frivolous objects, the little ornaments of dreſs and furniture, jewels, trinkets, gewgaws, frequently indicates, not only a trifling, but a baſe and ſelfiſh diſpoſition. All that I mean is, that the one ſort of expence, as it always occaſions ſome accumulation of valuable commodities, as it is more favourable to private frugality, and, conſequently, to the increaſe of the public capital, and as it maintains productive, rather than unproductive hands, conduces more than the other to the growth of public opulence.

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CHAP. IV.

Of Stock lent at Intereſt.

THE ſtock which is lent at intereſt is always conſidered as a capital by the lender. He expects that in due time it is to be reſtored to him, and that in the mean time the borrower is to pay him a certain annual rent for the uſe of it. The borrower may uſe it either as a capital, or as a ſtock reſerved for immediate conſumption. If he uſes it as a capital, he employs it in the maintenance of productive labourers, who reproduce the value with a profit. He can, in this caſe, both reſtore the capital and pay the intereſt without alienating or encroaching upon any other ſource of revenue. If he uſes it as a ſtock reſerved for immediate conſumption, he acts the part of a prodigal, and diſſipates in the maintenance of the idle, what was deſtined for the ſupport of the induſtrious. He can, in this caſe, neither reſtore the capital nor pay the intereſt, without either alienating or encroaching upon ſome other ſource of revenue, ſuch as the property or the rent of land.

THE ſtock which is lent at intereſt is, no doubt, occaſionally employed in both theſe ways, but in the former much more frequently than in the latter. The man who borrows in order to ſpend will ſoon be ruined, and he who lends to him will generally have occaſion to repent of his folly. To borrow or to lend for ſuch a purpoſe, therefore, is in all caſes, where groſs uſury is out of the queſtion, contrary to the intereſt of both parties; and though it no doubt happens ſometimes that people do both the one and the other, yet, from the regard that all men have for their own intereſt, we may be aſſured, that it cannot happen ſo very frequently as we are ſometimes apt to imagine. Aſk any rich man of common prudence, to which of the two ſorts of people he has lent the greater part of his ſtock, to thoſe who, he thinks, will employ it profitably, or to thoſe who will ſpend it idly, and he will laugh at you for propoſing the queſtion. Even among

among borrowers, therefore, not the people in the world moſt famous for frugality, the number of the frugal and induſtrious ſurpaſſes conſiderably that of the prodigal and idle.

THE only people to whom ſtock is commonly lent, without their being expected to make any very profitable uſe of it, are country gentlemen who borrow upon mortgage. Even they ſcarce ever borrow merely to ſpend. What they borrow, one may ſay, is commonly ſpent before they borrow it. They have generally conſumed ſo great a quantity of goods, advanced to them upon credit by ſhopkeepers and tradeſmen, that they find it neceſſary to borrow at intereſt in order to pay the debt. The capital borrowed replaces the capitals of thoſe ſhopkeepers and tradeſmen, which the country gentlemen could not have replaced from the rents of their eſtates. It is not properly borrowed in order to be ſpent, but in order to replace a capital which had been ſpent before.

ALMOST all loans at intereſt are made in money, either of paper, or of gold and ſilver. But what the borrower really wants, and what the lender really ſupplies him with, is, not the money, but the money's worth, or the goods which it can purchaſe. If he wants it as a ſtock for immediate conſumption, it is thoſe goods only which he can place in that ſtock. If he wants it as a capital for employing induſtry, it is from thoſe goods only that the induſtrious can be furniſhed with the tools, materials, and maintenance, neceſſary for carrying on their work. By means of the loan, the lender, as it were, aſſigns to the borrower his right to a certain portion of the annual produce of the land and labour of the country, to be employed as the borrower pleaſes.

THE quantity of ſtock, therefore, or, as it is commonly expreſſed, of money which can be lent at intereſt in any country, is not regulated by the value of the money, whether paper or coin, which ſerves as the inſtrument of the different loans made in that country, but by the value of that part of the annual produce which, as ſoon as it comes either from the ground, or from the hands of the productive labourers, is deſtined not only for replacing a capital, but ſuch a capital as the owner does not care to be at the trouble of employing himſelf. As ſuch capitals are commonly lent out and

and paid back in money, they conſtitute what is called the monied intereſt. It is diſtinct, not only from the landed, but from the trading and manufacturing intereſts, as in theſe laſt the owners themſelves employ their own capitals. Even in the monied intereſt, however, the money is, as it were, but the deed of aſſignment, which conveys from one hand to another thoſe capitals which the owners do not care to employ themſelves. Thoſe capitals may be greater in almoſt any proportion, than the amount of the money which ſerves as the inſtrument of their conveyance; the ſame pieces of money ſucceſſively ſerving for many different loans, as well as for many different purchaſes. A, for example, lends to W a thouſand pounds, with which W immediately purchaſes of B a thouſand pounds worth of goods. B having no occaſion for the money himſelf, lends the identical pieces to X, with which X immediately purchaſes of C another thouſand pounds worth of goods. C in the ſame manner, and for the ſame reaſon, lends them to Y, who again purchaſes goods with them of D. In this manner the ſame pieces, either of coin or of paper, may, in the courſe of a few days, ſerve as the inſtrument of three different loans, and of three different purchaſes, each of which is, in value, equal to the whole amount of thoſe pieces. What the three monied men A, B, and C, aſſign to the three borrowers, W, X, Y, is the power of making thoſe purchaſes. In this power conſiſt both the value and the uſe of the loans. The ſtock lent by the three monied men, is equal to the value of the goods which can be purchaſed with it, and is three times greater than that of the money with which the purchaſes are made. Thoſe loans, however, may be all perfectly well ſecured, the goods purchaſed by the different debtors being ſo employed, as, in due time, to bring back, with a profit, an equal value either of coin or of paper. And as the ſame pieces of money can thus ſerve as the inſtrument of different loans to three, or, for the ſame reaſon, to thirty times their value, ſo they may likewiſe ſucceſſively ſerve as the inſtrument of repayment.

A CAPITAL lent at intereſt may, in this manner, be conſidered as an aſſignment from the lender to the borrower of a certain conſiderable portion of the annual produce; upon condition that the borrower in return ſhall, during the continuance of the loan, annually aſſign to the lender a ſmaller portion, called the intereſt; and at the end of it a portion equally

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equally conſiderable with that which had originally been aſſigned to him, called the repayment. Though money, either coin or paper, ſerves generally as the deed of aſſignment both to the ſmaller, and to the more conſiderable portion, it is itſelf altogether different from what is aſſigned by it.

In proportion as that ſhare of the annual produce which, as ſoon as it comes either from the ground, or from the hands of the productive labourers, is deſtined for replacing a capital, increaſes in any country, what is called the monied intereſt naturally increaſes with it. The increaſe of thoſe particular capitals from which the owners wiſh to derive a revenue, without being at the trouble of employing them themſelves, naturally accompanies the general increaſe of capitals; or, in other words, as ſtock increaſes, the quantity of ſtock to be lent at intereſt grows gradually greater and greater.

As the quantity of ſtock to be lent at intereſt increaſes, the intereſt, or the price which muſt be paid for the uſe of that ſtock, neceſſarily diminiſhes, not only from thoſe general cauſes which make the market price of things commonly diminiſh as their quantity increaſes, but from other cauſes which are peculiar to this particular caſe. As capitals increaſe in any country, the profits which can be made by employing them neceſſarily diminiſh. It becomes gradually more and more difficult to find within the country a profitable method of employing any new capital. There ariſes in conſequence a competition between different capitals, the owner of one endeavouring to get poſſeſſion of that employment which is occupied by another. But upon moſt occaſions he can hope to juſtle that other out of this employment, by no other means but by dealing upon more reaſonable terms. He muſt not only ſell what he deals in ſomewhat cheaper, but in order to get it to ſell, he muſt ſometimes too buy it dearer. The demand for productive labour, by the increaſe of the funds which are deſtined for maintaining it, grows every day greater and greater. Labourers eaſily find employment, but the owners of capitals find it difficult to get labourers to employ. Their competition raiſes the wages of labour, and ſinks the profits of ſtock. But when the profits which can be made by the uſe of a capital are in this manner diminiſhed, as it were, at both ends, the price which can be paid for the uſe

uſe of it, that is, the rate of intereſt, muſt neceſſarily be diminiſhed with them.

Mr. Locke, Mr. Law, and Mr. Monteſquieu, as well as many other writers, ſeem to have imagined that the increaſe of the quantity of gold and ſilver, in conſequence of the diſcovery of the Spaniſh Weſt Indies, was the real cauſe of the lowering of the rate of intereſt through the greater part of Europe. Thoſe metals, they ſay, having become of leſs value themſelves, the uſe of any particular portion of them neceſſarily became of leſs value too, and conſequently the price which could be paid for it. This notion, which at firſt ſight ſeems ſo plauſible, has been ſo fully expoſed by Mr. Hume, that it is, perhaps, unneceſſary to ſay any thing more about it. The following very ſhort and plain argument, however, may ſerve to explain more diſtinctly the fallacy which ſeems to have miſled thoſe gentlemen.

Before the diſcovery of the Spaniſh Weſt Indies, ten per cent. ſeems to have been the common rate of intereſt through the greater part of Europe. It has ſince that time in different countries ſunk to ſix, five, four, and three per cent. Let us ſuppoſe that in every particular country the value of ſilver has ſunk preciſely in the ſame proportion as the rate of intereſt; and that in thoſe countries, for example, where intereſt has been reduced from ten to five per cent.; the ſame quantity of ſilver can now purchaſe juſt half the quantity of goods which it could have purchaſed before. This ſuppoſition will not, I believe, be found any where agreeable to the truth, but it is the moſt favourable to the opinion which we are going to examine; and even upon this ſuppoſition it is utterly impoſſible that the lowering of the value of ſilver could have the ſmalleſt tendency to lower the rate of intereſt. If a hundred pounds are in thoſe countries now of no more value than fifty pounds were then, ten pounds muſt now be of no more value than five pounds were then. Whatever were the cauſes which lowered the value of the capital, the ſame muſt neceſſarily have lowered that of the intereſt, and exactly in the ſame proportion. The proportion between the value of the capital and that of the intereſt, muſt have remained the ſame, though the rate had never been altered. By altering the rate, on the contrary, the proportion between thoſe two values is neceſſarily altered. If a hundred pounds now are worth no more than fifty were then, five pounds now can be

worth no more than two pounds ten ſhillings were then. By reducing the rate of intereſt, therefore, from ten to five per cent., we give for the uſe of a capital, which is ſuppoſed to be equal to one-half of its former value, an intereſt which is equal to one-fourth only of the value of the former intereſt.

ANY increaſe in the quantity of ſilver, while that of the commodities circulated by means of it remained the ſame, could have no other effect than to diminiſh the value of that metal. The nominal value of all ſorts of goods would be greater, but their real value would be preciſely the ſame as before. They would be exchanged for a greater number of pieces of ſilver; but the quantity of labour, which they could command, the number of people whom they could maintain and employ, would be preciſely the ſame. The capital of the country would be the ſame, though a greater number of pieces might be requiſite for conveying any equal portion of it from one hand to another. The deeds of aſſignment, like the conveyances of a verboſe attorney would be more cumberſome, but the thing aſſigned would be preciſely the ſame as before, and could produce only the ſame effects. The funds for maintaining productive labour being the ſame, the demand for it would be the ſame. Its price or wages, therefore, though nominally greater, would really be the ſame. They would be paid in a greater number of pieces of ſilver; but they would purchaſe only the ſame quantity of goods. The profits of ſtock would be the ſame both nominally and really. The wages of labour are commonly computed by the quantity of ſilver which is paid to the labourer. When that is increaſed, therefore, his wages appear to be increaſed, though they may ſometimes be no greater than before. But the profits of ſtock are not computed by the number of pieces of ſilver with which they are paid, but by the proportion which thoſe pieces bear to the whole capital employed. Thus in a particular country five ſhillings a week are ſaid to be the common wages of labour, and ten per cent. the common profits of ſtock. But the whole capital of the country being the ſame as before, the competition between the different capitals of individuals into which it was divided would likewiſe be the ſame. They would all trade with the ſame advantages and diſadvantages. The common proportion between capital and profit, therefore would be the ſame, and conſequently the common intereſt of money; what

what can commonly be given for the uſe of money being neceſſarily regulated by what can commonly be made by the uſe of it.

ANY increaſe in the quantity of commodities annually circulated within the country, while that of the money which circulated them remained the ſame, would, on the contrary, produce many other important effects, beſides that of raiſing the value of the money. The capital of the country, though it might nominally be the ſame, would really be augmented. It might continue to be expreſſed by the ſame quantity of money, but it would command a greater quantity of labour. The quantity of productive labour which it could maintain and employ would be increaſed, and conſequently the demand for that labour. Its wages would naturally riſe with the demand, and yet might appear to ſink. They might be paid with a ſmaller quantity of money, but that ſmaller quantity might purchaſe a greater quantity of goods than a greater had done before. The profits of ſtock would be diminiſhed both really and in appearance. The whole capital of the country being augmented, the competition between the different capitals of which it was compoſed, would naturally be augmented along with it. The owners of thoſe particular capitals would be obliged to content themſelves with a ſmaller proportion of the produce of that labour which their reſpective capitals employed. The intereſt of money, keeping pace always with the profits of ſtock, might, in this manner, be greatly diminiſhed, though the value of money, or the quantity of goods which any particular ſum could purchaſe, was greatly augmented.

IN ſome countries the intereſt of money has been prohibited by law. But as ſomething can every where be made by the uſe of money, ſomething ought every where to be paid for the uſe of it. This regulation, inſtead of preventing, has been found from experience to increaſe the evil of uſury; the debtor being obliged to pay, not only for the uſe of the money, but for the riſk which his creditor runs by accepting a compenſation for that uſe. He is obliged, if one may ſay ſo, to inſure his creditor from the penalties of uſury.

IN countries where intereſt is permitted, the law in order to prevent the extortion of uſury, generally fixes the higheſt rate which can be taken without incurring a penalty. This

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rate ought always to be ſomewhat above the loweſt market price, or the price which is commonly paid for the uſe of money by thoſe who can give the moſt undoubted ſecurity. If this legal rate ſhould be fixed below the loweſt market rate, the effects of this fixation muſt be nearly the ſame as thoſe of a total prohibition of intereſt. The creditor will not lend his money for leſs than the uſe of it is worth, and the debtor muſt pay him for the riſk which he runs by accepting the full value of that uſe. If it is fixed preciſely at the loweſt market price, it ruins with honeſt people, who reſpect the laws of their country, the credit of all thoſe who cannot give the very beſt ſecurity, and obliges them to have recourſe to exorbitant uſurers. In a country, ſuch as Great Britain, where money is lent to government at three per cent. and to private people upon good ſecurity at four, and four and a half, the preſent legal rate, five per cent., is, perhaps, as proper as any.

THE legal rate, it is to be obſerved, though it ought to be ſomewhat above, ought not to be much above the loweſt market rate. If the legal rate of intereſt in Great Britain, for example, was fixed ſo high as eight or ten per cent., the greater part of the money which was to be lent, would be lent to prodigals and projectors, who alone would be willing to give this high intereſt. Sober people, who will give for the uſe of money no more than a part of what they are likely to make by the uſe of it, would not venture into the competition. A great part of the capital of the country would thus be kept out of the hands which were moſt likely to make a profitable and advantageous uſe of it, and thrown into thoſe which were moſt likely to waſte and deſtroy it. Where the legal rate of intereſt, on the contrary, is fixed but a very little above the loweſt market rate, ſober people are univerſally preferred, as borrowers, to prodigals and projectors. The perſon who lends money gets nearly as much intereſt from the former as he dares to take from the latter, and his money is much ſafer in the hands of the one ſet of people, than in thoſe of the other. A great part of the capital of the country is thus thrown into the hands in which it is moſt likely to be employed with advantage.

No law can reduce the common rate of intereſt below the loweſt ordinary market rate at the time when that law is made. Notwithſtanding the edict of 1766, by which the French

French king attempted to reduce the rate of intereſt from five to four per cent., money continued to be lent in France at five per cent., the law being evaded in ſeveral different ways.

THE ordinary market price of land, it is to be obſerved, depends every where upon the ordinary market rate of intereſt. The perſon who has a capital from which he wiſhes to derive a revenue, without taking the trouble to employ it himſelf, deliberates whether he ſhould buy land with it, or lend it out at intereſt. The ſuperior ſecurity of land, together with ſome other advantages which almoſt every where attend upon this ſpecies of property, will generally diſpoſe him to content himſelf with a ſmaller revenue from land, than what he might have by lending out his money at intereſt. Theſe advantages are ſufficient to compenſate a certain difference of revenue; but they will compenſate a certain difference only; and if the rent of land ſhould fall ſhort of the intereſt of money by a greater difference, nobody would buy land, which would ſoon reduce its ordinary price. On the contrary, if the advantages ſhould much more than compenſate the difference, every body would buy land, which again would ſoon raiſe its ordinary price. When intereſt was at ten per cent., land was commonly ſold for ten and twelve years purchaſe. As intereſt ſunk to ſix, five, and four per cent., the price of land roſe to twenty, five and twenty, and thirty years purchaſe. The market rate of intereſt is higher in France than in England; and the common price of land is lower. In England it commonly ſells at thirty; in France at twenty years purchaſe.

CHAP.

MINISTRY OF CULTURE · GOVERNMENT OF INDIA

CSL

CHAP. V.

Of the different Employment of Capitals.

THOUGH all capitals are deſtined for the maintenance of productive labour only, yet the quantity of that labour, which equal capitals are capable of putting into motion, varies extremely according to the diverſity of their employment; as does likewiſe the value which that employment adds to the annual produce of the land and labour of the country.

A CAPITAL may be employed in four different ways: either, firſt, in procuring the rude produce annually required for the uſe and conſumption of the ſociety; or, ſecondly, in manufacturing and preparing that rude produce for immediate uſe and conſumption; or, thirdly, in tranſporting either the rude or manufactured produce from the places where they abound to thoſe where they are wanted; or, laſtly, in dividing particular portions of either into ſuch ſmall parcels as ſuit the occaſional demands of thoſe who want them. In the firſt way are employed the capitals of all thoſe who undertake the improvement or cultivation of lands, mines, or fiſheries; in the ſecond, thoſe of all maſter manufacturers; in the third, thoſe of all wholeſale merchants; and in the fourth, thoſe of all retailers. It is difficult to conceive that a capital ſhould be employed in any way which may not be claſſed under ſome one or other of thoſe four.

EACH of thoſe four methods of employing a capital is eſſentially neceſſary either to the exiſtence or extenſion of the other three, or to the general conveniency of the ſociety.

UNLESS a capital was employed in furniſhing rude produce to a certain degree of abundance, neither manufactures nor trade of any kind could exiſt.

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UNLESS a capital was employed in manufacturing that part of the rude produce which requires a good deal of preparation before it can be fit for uſe and conſumption, it either would never be produced, becauſe there could be no demand for it; or if it was produced ſpontaneouſly, it would be of no value in exchange, and could add nothing to the wealth of the ſociety.

UNLESS a capital was employed in tranſporting, either the rude or manufactured produce, from the places where it abounds to thoſe where it is wanted, no more of either could be produced than was neceſſary for the conſumption of the neighbourhood. The capital of the merchant exchanges the ſurplus produce of one place for that of another, and thus encourages the induſtry, and increaſes the enjoyments of both.

UNLESS a capital was employed in breaking and dividing certain portions either of the rude or manufactured produce, into ſuch ſmall parcels as ſuit the occaſional demands of thoſe who want them, every man would be obliged to purchaſe a greater quantity of the goods he wanted, than his immediate occaſions required. If there was no ſuch trade as a butcher, for example, every man would be obliged to purchaſe a whole ox or a whole ſheep at a time. This would generally be inconvenient to the rich, and much more ſo to the poor. If a poor workman was obliged to purchaſe a month's or ſix months proviſions at a time, a great part of the ſtock which he employs as a capital in the inſtruments of his trade, or in the furniture of his ſhop, and which yields him a revenue, he would be forced to place in that part of his ſtock which is reſerved for immediate conſumption, and which yields him no revenue. Nothing can be more convenient for ſuch a perſon than to be able to purchaſe his ſubſiſtence from day to day, or even from hour to hour as he wants it. He is thereby enabled to employ almoſt his whole ſtock as a capital. He is thus enabled to furniſh work to a greater value, and the profit which he makes by it in this way, much more than compenſates the additional price which the profit of the retailer impoſes upon the goods. The prejudices of ſome political writers againſt ſhopkeepers and tradeſmen, are altogether without foundation. So far is it from being neceſſary, either to tax them, or to reſtrict their numbers, that they can never be multiplied ſo as to hurt the public, though they may ſo

so as to hurt one another. The quantity of grocery goods, for example, which can be sold in a particular town, is limited by the demand of that town and its neighbourhood. The capital, therefore, which can be employed in the grocery trade cannot exceed what is sufficient to purchase that quantity. If this capital is divided between two different grocers, their competition will tend to make both of them sell cheaper, than if it were in the hands of one only; and if it were divided among twenty, their competition would be just so much the greater, and the chance of their combining together, in order to raise the price, just so much the less. Their competition might perhaps ruin some of themselves; but to take care of this is the business of the parties concerned, and it may safely be trusted to their discretion. It can never hurt either the consumer, or the producer; on the contrary, it must tend to make the retailers both sell cheaper and buy dearer, than if the whole trade was monopolized by one or two persons. Some of them, perhaps, may sometimes decoy a weak customer to buy what he has no occasion for. This evil, however, is of too little importance to deserve the public attention, nor would it necessarily be prevented by restricting their numbers. It is not the multitude of ale-houses, to give the most suspicious example, that occasions a general disposition to drunkenness among the common people; but that disposition arising from other causes necessarily gives employment to a multitude of ale-houses.

THE persons whose capitals are employed in any of those four ways are themselves productive labourers. Their labour, when properly directed, fixes and realizes itself in the subject or vendible commodity upon which it is bestowed, and generally adds to its price the value at least of their own maintenance and consumption. The profits of the farmer, of the manufacturer, of the merchant, and retailer, are all drawn from the price of the goods which the two first produce, and the two last buy and sell. Equal capitals, however, employed in each of those four different ways, will immediately put into motion very different quantities of productive labour, and augment too in very different proportions the value of the annual produce of the land and labour of the society to which they belong.

THE capital of the retailer replaces, together with its profits, that of the merchant of whom he purchases goods, and thereby

thereby enables him to continue his buſineſs. The retailer himſelf is the only productive labourer whom it immediately employs. In his profits, conſiſts the whole value which its employment adds to the annual produce of the land and labour of the ſociety.

THE capital of the wholeſale merchant replaces, together with their profits, the capitals of the farmers and manufacturers of whom he purchaſes the rude and manufactured produce which he deals in, and thereby enables them to continue their reſpective trades. It is by this ſervice chiefly that he contributes indirectly to ſupport the productive labour of the ſociety, and to increaſe the value of its annual produce. His capital employs too the ſailors and carriers who tranſport his goods from one place to another, and it augments the price of thoſe goods by the value, not only of his profits, but of their wages. This is all the productive labour which it immediately puts into motion, and all the value which it immediately adds to the annual produce. Its operation in both theſe reſpects is a good deal ſuperior to that of the capital of the retailer.

PART of the capital of the maſter manufacturer is employed as a fixed capital in the inſtruments of his trade, and replaces, together with its profits, that of ſome other artificer of whom he purchaſes them. Part of his circulating capital is employed in purchaſing materials, and replaces, with their profits, the capitals of the farmers and miners of whom he purchaſes them. But a great part of it is always, either annually, or in a much ſhorter period, diſtributed among the different workmen whom he employs. It augments the value of thoſe materials by their wages, and by their maſters profits upon the whole ſtock of wages, materials, and inſtruments of trade employed in the buſineſs. It puts immediately into motion, therefore, a much greater quantity of productive labour, and adds a much greater value to the annual produce of the land and labour of the ſociety, than an equal capital in the hands of any wholeſale merchant.

No equal capital puts into motion a greater quantity of productive labour than that of the farmer. Not only his labouring ſervants, but his labouring cattle, are productive labourers. In agriculture too nature labours along with man; and though her labour coſts no expence, its produce has its value,

value, as well as that of the moſt expenſive workmen. The moſt important operations of agriculture ſeem intended, not ſo much to increaſe, though they do that too, as to direct the fertility of nature towards the production of the plants moſt profitable to man. A field overgrown with briars and brambles may frequently produce as great a quantity of vegetables as the beſt cultivated vineyard or corn field. Planting and tillage frequently regulate more than they animate the active fertility of nature; and after all their labour, a great part of the work always remains to be done by her. The labourers and labouring cattle, therefore, employed in agriculture, not only occaſion, like the workmen in manufactures, the reproduction of a value equal to their own conſumption, or to the capital which employs them, together with its owners profits; but of a much greater value. Over and above the capital of the farmer and all its profits, they regularly occaſion the reproduction of the rent of the landlord. This rent may be conſidered as the produce of thoſe powers of nature, the uſe of which the landlord lends to the farmer. It is greater or ſmaller according to the ſuppoſed extent of thoſe powers, or in other words, according to the ſuppoſed natural or improved fertility of the land. It is the work of nature which remains after deducting or compenſating every thing which can be regarded as the work of man. It is ſeldom leſs than a fourth, and frequently more than a third of the whole produce. No equal quantity of productive labour employed in manufactures can ever occaſion ſo great a reproduction. In them nature does nothing; man does all; and the reproduction muſt always be in proportion to the ſtrength of the agents that occaſion it. The capital employed in agriculture, therefore, not only puts into motion a greater quantity of productive labour than any equal capital employed in manufactures, but in proportion too to the quantity of productive labour which it employs, it adds a much greater value to the annual produce of the land and labour of the country, to the real wealth and revenue of its inhabitants. Of all the ways in which a capital can be employed, it is by far the moſt advantageous to the ſociety.

The capitals employed in the agriculture and in the retail trade of any ſociety, muſt always reſide within that ſociety. Their employment is confined almoſt to a preciſe ſpot, to the farm, and to the ſhop of the retailer. They muſt generally too,

too, though there are ſome exceptions to this, belong to reſident members of the ſociety.

THE capital of a wholeſale merchant, on the contrary, ſeems to have no fixed or neceſſary reſidence any where, but may wander about from place to place, according as it can either buy cheap or ſell dear.

THE capital of the manufacturer muſt no doubt reſide where the manufacture is carried on; but where this ſhall be is not always neceſſarily determined. It may frequently be at a great diſtance both from the place where the materials grow, and from that where the complete manufacture is conſumed. Lyons is very diſtant both from the places which afford the materials of its manufactures, and from thoſe which conſume them. The people of faſhion in Sicily are cloathed in ſilks made in other countries, from the materials which their own produces. Part of the wool of Spain is manufactured in Great Britain, and ſome part of that cloth is afterwards ſent back to Spain.

WHETHER the merchant whoſe capital exports the ſurplus produce of any ſociety be a native or a foreigner, is of very little importance. If he is a foreigner, the number of their productive labourers is neceſſarily leſs than if he had been a native by one man only; and the value of their annual produce, by the profits of that one man. The ſailors or carriers whom he employs may ſtill belong indifferently either to his country, or to their country, or to ſome third country, in the ſame manner as if he had been a native. The capital of a foreigner gives a value to their ſurplus produce equally with that of a native, by exchanging it for ſomething for which there is a demand at home. It as effectually replaces the capital of the perſon who produces that ſurplus, and as effectually enables him to continue his buſineſs; the ſervice by which the capital of a wholeſale merchant chiefly contributes to ſupport the productive labour, and to augment the value of the annual produce of the ſociety to which he belongs.

IT is of more conſequence that the capital of the manufacturer ſhould reſide within the country. It neceſſarily puts into motion a greater quantity of productive labour, and adds a greater

a greater value to the annual produce of the land and labour of the ſociety. It may, however, be very uſeful to the country, though it ſhould not reſide within it. The capitals of the Britiſh manufacturers who work up the flax and hemp annually imported from the coaſts of the Baltic, are ſurely very uſeful to the countries which produce them. Thoſe materials are a part of the ſurplus produce of thoſe countries which, unleſs it was annually exchanged for ſomething which is in demand there, would be of no value, and would ſoon ceaſe to be produced. The merchants who export it, replace the capitals of the people who produce it, and thereby encourage them to continue the production; and the Britiſh manufacturers replace the capitals of thoſe merchants.

A PARTICULAR country, in the ſame manner as a particular perſon, may frequently not have capital ſufficient both to improve and cultivate all its lands, to manufacture and prepare their whole rude produce for immediate uſe and conſumption, and to tranſport the ſurplus part either of the rude or manufactured produce to thoſe diſtant markets where it can be exchanged for ſomething for which there is a demand at home. The inhabitants of many different parts of Great Britain have not capital ſufficient to improve and cultivate all their lands. The wool of the ſouthern counties of Scotland is, a great part of it, after a long land carriage through very bad roads, manufactured in Yorkſhire, for want of a capital to manufacture it at home. There are many little manufacturing towns in Great Britain, of which the inhabitants have not capital ſufficient to tranſport the produce of their own induſtry to thoſe diſtant markets where there is demand and conſumption for it. If there are any merchants among them, they are properly only the agents of wealthier merchants who reſide in ſome of the greater commercial cities.

WHEN the capital of any country is not ſufficient for all thoſe three purpoſes, in proportion as a greater ſhare of it is employed in agriculture, the greater will be the quantity of productive labour which it puts into motion within the country; as will likewiſe be the value which its employment adds to the annual produce of the land and labour of the ſociety. After agriculture, the capital employed in manufactures puts into motion the greateſt quantity of productive labour, and adds the greateſt value to the annual produce. That which is employed

employed in the trade of exportation, has the leaſt effect of any of the three.

THE country, indeed, which has not capital ſufficient for all thoſe three purpoſes, has not arrived at that degree of opulence for which it ſeems naturally deſtined. To attempt, however, prematurely and with an inſufficient capital, to do all the three, is certainly not the ſhorteſt way for a ſociety, no more than it would be for an individual, to acquire a ſufficient one. The capital of all the individuals of a nation, has its limits in the ſame manner as that of a ſingle individual, and is capable of executing only certain purpoſes. The capital of all the individuals of a nation is increaſed in the ſame manner as that of a ſingle individual, by their continually accumulating and adding to it whatever they ſave out of their revenue. It is likely to increaſe the faſteſt, therefore, when it is employed in the way that affords the greateſt revenue to all the inhabitants of the country, as they will thus be enabled to make the greateſt ſavings. But the revenue of all the inhabitants of the country is neceſſarily in proportion to the value of the annual produce of their land and labour.

IT has been the principle cauſe of the rapid progreſs of our American colonies towards wealth and greatneſs, that almoſt their whole capitals have hitherto been employed in agriculture. They have no manufactures, thoſe houſhold and coarſer manufactures excepted which neceſſarily accompany the progreſs of agriculture, and which are the work of the women and children in every private family. The greater part both of the exportation and coaſting trade of America, is carried on by the capitals of merchants who reſide in Great Britain. Even the ſtores and warehouſes from which goods are retailed in ſome provinces, particularly in Virginia and Maryland, belong many of them to merchants who reſide in the mother country, and afford one of the few inſtances of the retail trade of a ſociety being carried on by the capitals of thoſe who are not reſident members of it. Were the Americans, either by combination or by any other ſort of violence, to ſtop the importation of European manufactures, and, by thus giving a monopoly to ſuch of their own countrymen as could manufacture the like goods, divert any conſiderable part of their capital into this employment, they

they would retard inſtead of accelerating the further increaſe in the value of their annual produce, and would obſtruct inſtead of promoting the progreſs of their country towards real wealth and greatneſs. This would be ſtill more the caſe, were they to attempt, in the ſame manner, to monopolize to themſelves their whole exportation trade.

THE courſe of human proſperity, indeed, ſeems ſcarce ever to have been of ſo long continuance as to enable any great country to acquire capital ſufficient for all thoſe three purpoſes; unleſs, perhaps, we give credit to the wonderful accounts of the wealth and cultivation of China, of thoſe of antient Egypt, and of the antient ſtate of Indoſtan. Even thoſe three countries, the wealthieſt, according to all accounts, that ever were in the world, are chiefly renowned for their ſuperiority in agriculture and manufactures. They do not appear to have been eminent for foreign trade. The antient Egyptians had a ſuperſtitious antipathy to the ſea; a ſuperſtition nearly of the ſame kind prevails among the Indians; and the Chineſe have never excelled in foreign commerce. The greater part of the ſurplus produce of all thoſe three countries ſeems to have been always exported by foreigners, who gave in exchange for it ſomething elſe for which they found a demand there, frequently gold and ſilver.

IT is thus that the ſame capital will in any country put into motion a greater or ſmaller quantity of productive labour, and add a greater or ſmaller value to the annual produce of its land and labour, according to the different proportions in which it is employed in agriculture, manufactures, and wholeſale trade. The difference too is very great, according to the different ſorts of wholeſale trade in which any part of it is employed.

ALL wholeſale trade, all buying in order to ſell again by wholeſale, may be reduced to three different ſorts. The home trade, the foreign trade of conſumption, and the carrying trade. The home trade is employed in purchaſing in one part of the ſame country, and ſelling in another, the produce of the induſtry of that country. It comprehends both the inland and the coaſting trade. The foreign trade of conſumption is employed in purchaſing foreign goods for home

home conſumption. The carrying trade is employed in tranſacting the commerce of foreign countries, or in carrying the ſurplus produce of one to another.

THE capital which is employed in purchaſing in one part of the country in order to ſell in another the produce of the induſtry of that country, generally replaces by every ſuch operation two diſtinct capitals that had both been employed in the agriculture or manufactures of that country, and thereby enables them to continue that employment. When it ſends out from the reſidence of the merchant a certain value of commodities, it generally brings back in return at leaſt an equal value of other commodities. When both are the produce of domeſtic induſtry, it neceſſarily replaces by every ſuch operation two diſtinct capitals, which had both been employed in ſupporting productive labour, and thereby enables them to continue that ſupport. The capital which ſends Scotch manufactures to London, and brings back Engliſh corn and manufactures to Edinburgh, neceſſarily replaces, by every ſuch operation, two Britiſh capitals which had both been employed in the agriculture or manufactures of Great Britain.

THE capital employed in purchaſing foreign goods for home-conſumption, when this purchaſe is made with the produce of domeſtic induſtry, replaces too, by every ſuch operation, two diſtinct capitals; but one of them only is employed in ſupporting domeſtic induſtry. The capital which ſends Britiſh goods to Portugal, and brings back Portugueſe goods to Great Britain, replaces by every ſuch operation only one Britiſh capital. The other is a Portugueſe one. Though the returns, therefore, of the foreign trade of conſumption ſhould be as quick as thoſe of the home-trade, the capital employed in it will give but one-half the encouragement to the induſtry or productive labour of the country.

BUT the returns of the foreign trade of conſumption are very ſeldom ſo quick as thoſe of the home-trade. The returns of the home-trade generally come in before the end of the year, and ſometimes three or four times in the year. The returns of the foreign trade of conſumption ſeldom come in before the end of the year, and ſometimes not till after two or three years. A capital, therefore, employed in the

the home-trade will ſometimes make twelve operations, or be ſent out and returned twelve times, before a capital employed in the foreign trade of conſumption has made one. If the capitals are equal, therefore, the one will give four and twenty times more encouragement and ſupport to the induſtry of the country than the other.

THE foreign goods for home-conſumption may ſometimes be purchaſed, not with the produce of domeſtic induſtry, but with ſome other foreign goods. Theſe laſt, however, muſt have been purchaſed either immediately with the produce of domeſtic induſtry, or with ſomething elſe that had been purchaſed with it; for the caſe of war and conqueſt excepted, foreign goods can never be acquired, but in exchange for ſomething that had been produced at home, either immediately, or after two or more different exchanges. The effects, therefore, of a capital employed in ſuch a round-about foreign trade of conſumption, are, in every reſpect, the ſame as thoſe of one employed in the moſt direct trade of the ſame kind, except that the final returns are likely to be ſtill more diſtant, as they muſt depend upon the returns of two or three diſtinct foreign trades. If the flax and hemp of Riga are purchaſed with the tobacco of Virginia, which had been purchaſed with Britiſh manufactures, the merchant muſt wait for the returns of two diſtinct foreign trades before he can employ the ſame capital in repurchaſing a like quantity of Britiſh manufactures. If the tobacco of Virginia had been purchaſed, not with Britiſh manufactures, but with the ſugar and rum of Jamaica which had been purchaſed with thoſe manufactures, he muſt wait for the returns of three. If thoſe two or three diſtinct foreign trades ſhould happen to be carried on by two or three diſtinct merchants, of whom the ſecond buys the goods imported by the firſt, and the third buys thoſe imported by the ſecond, in order to export them again, each merchant indeed will in this caſe receive the returns of his own capital more quickly; but the final returns of the whole capital employed in the trade will be juſt as ſlow as ever. Whether the whole capital employed in ſuch a round-about trade belong to one merchant or to three, can make no difference with regard to the country, though it may with regard to the particular merchants. Three times a greater capital muſt in both caſes be employed, in order to exchange a certain value of Britiſh manufactures for a certain quantity

quantity of flax and hemp, than would have been neceſſary, had the manufactures and the flax and hemp been directly exchanged for one another. The whole capital employed, therefore, in ſuch a round-about foreign trade of conſumption, will generally give leſs encouragement and ſupport to the productive labour of the country, than an equal capital employed in a more direct trade of the ſame kind.

WHATEVER be the foreign commodity with which the foreign goods for home-conſumption are purchaſed, it can occaſion no eſſential difference either in the nature of the trade, or in the encouragement and ſupport which it can give to the productive labour of the country from which it is carried on. If they are purchaſed with the gold of Brazil, for example, or with the ſilver of Peru, this gold and ſilver, like the tobacco of Virginia, muſt have been purchaſed with ſomething that either was the produce of the induſtry of the country, or that had been purchaſed with ſomething elſe that was ſo. So far, therefore, as the productive labour of the country is concerned, the foreign trade of conſumption which is carried on by means of gold and ſilver, has all the advantages and all the inconveniencies of any other equally round-about foreign trade of conſumption, and will replace juſt as faſt or juſt as ſlow as the capital which is immediately employed in ſupporting that productive labour. It ſeems even to have one advantage over any other equally round-about foreign trade. The tranſportation of thoſe metals from one place to another, on account of their ſmall bulk and great value, is leſs expenſive than that of almoſt any other foreign goods of equal value. Their freight is much leſs, and their inſurance not greater; and no goods, beſides, are leſs liable to ſuffer by the carriage. An equal quantity of foreign goods, therefore, may frequently be purchaſed with a ſmaller quantity of the produce of domeſtic induſtry, by the intervention of gold and ſilver, than by that of any other foreign goods. The demand of the country may frequently, in this manner, be ſupplied more completely and at a ſmaller expence than in any other. Whether, by the continual exportation of thoſe metals, a trade of this kind is likely to impoveriſh the country from which it is carried on, in any other way, I ſhall have occaſion to examine at great length hereafter.

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THAT part of the capital of any country which is employed in the carrying trade, is altogether withdrawn from supporting the productive labour of that particular country, to support that of some foreign countries. Though it may replace by every operation two distinct capitals, yet neither of them belongs to that particular country. The capital of the Dutch merchant, which carries the corn of Poland to Portugal, and brings back the fruits and wines of Portugal to Poland, replaces by every such operation two capitals, neither of which had been employed in supporting the productive labour of Holland; but one of them in supporting that of Poland, and the other that of Portugal. The profits only return regularly to Holland, and constitute the whole addition which this trade necessarily makes to the annual produce of the land and labour of that country. When, indeed, the carrying trade of any particular country is carried on with the ships and sailors of that country, that part of the capital employed in it which pays the freight, is distributed among, and puts into motion, a certain number of productive labourers of that country. Almost all nations that have had any considerable share of the carrying trade have, in fact, carried it on in this manner. The trade itself has probably derived its name from it, the people of such countries being the carriers to other countries. It does not, however, seem essential to the nature of the trade that it should be so. A Dutch merchant may, for example, employ his capital in transacting the commerce of Poland and Portugal, by carrying part of the surplus produce of the one to the other, not in Dutch, but in British bottoms. It may be presumed, that he actually does so upon some particular occasions. It is upon this account, however, that the carrying trade has been supposed peculiarly advantageous to such a country as Great Britain, of which the defence and security depend upon the number of its sailors and shipping. But the same capital may employ as many sailors and shipping, either in the foreign trade of consumption, or even in the home-trade, when carried on by coasting vessels, as it could in the carrying trade. The number of sailors and shipping which any particular capital can employ, does not depend upon the nature of the trade, but partly upon the bulk of the goods in proportion to their value, and partly upon the distance of the ports between which they are to be carried; chiefly upon the former of those two circumstances. The coal-trade from Newcastle to London, for example, employs more

more ſhipping than all the carrying trade of England, though the ports are at no great diſtance. To force, therefore, by extraordinary encouragements, a larger ſhare of the capital of any country into the carrying trade, than what would naturally go to it, will not always neceſſarily increaſe the ſhipping of that country.

THE capital, therefore, employed in the home-trade of any country will generally give encouragement and ſupport to a greater quantity of productive labour in that country, and increaſe the value of its annual produce more than an equal capital employed in the foreign trade of conſumption: and the capital employed in this latter trade has in both theſe reſpects a ſtill greater advantage over an equal capital employed in the carrying trade. The riches, and ſo far as power depends upon riches, the power of every country, muſt always be in proportion to the value of its annual produce, the fund from which all taxes muſt ultimately be paid. But the great object of the political œconomy of every country, is to encreaſe the riches and power of that country. It ought, therefore, to give no preference nor ſuperior encouragement to the foreign trade of conſumption above the home-trade, nor to the carrying trade above either of the other two. It ought neither to force nor to allure into either of thoſe two channels, a greater ſhare of the capital of the country than what would naturally flow into them of its own accord.

EACH of thoſe different branches of trade, however, is not only advantageous, but neceſſary and unavoidable, when the courſe of things, without any conſtraint or violence, naturally introduces it.

WHEN the produce of any particular branch of induſtry exceeds what the demand of the country requires, the ſurplus muſt be ſent abroad, and exchanged for ſomething for which there is a demand at home. Without ſuch exportation, a part of the productive labour of the country muſt ceaſe, and the value of its annual produce diminiſh. The land and labour of Great Britain produce generally more corn, woollens, and hard ware, than the demand of the home-market requires. The ſurplus part of them, therefore, muſt be ſent abroad, and exchanged for ſomething for which there is a demand at home. It is only by means of ſuch exporta-

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tion, that this ſurplus can acquire a value ſufficient to compenſate the labour and expence of producing it. The neighbourhood of the ſea coaſt, and the banks of all navigable rivers, are advantageous ſituations for induſtry, only becauſe they facilitate the exportation and exchange of ſuch ſurplus produce for ſomething elſe which is more in demand there.

When the foreign goods which are thus purchaſed with the ſurplus produce of domeſtic induſtry exceed the demand of the home-market, the ſurplus part of them muſt be ſent abroad again, and exchanged for ſomething more in demand at home. About ninety-ſix thouſand hogſheads of tobacco are annually purchaſed in Virginia and Maryland, with a part of the ſurplus produce of Britiſh induſtry. But the demand of Great Britain does not require, perhaps, more than fourteen thouſand. If the remaining eighty-two thouſand, therefore, could not be ſent abroad and exchanged for ſomething more in demand at home, the importation of them muſt ceaſe immediately, and with it the productive labour of all thoſe inhabitants of Great Britain, who are at preſent employed in preparing the goods with which theſe eighty-two thouſand hogſheads are annually purchaſed. Thoſe goods, which are part of the produce of the land and labour of Great Britain, having no market at home, and being deprived of that which they had abroad, muſt ceaſe to be produced. The moſt round-about foreign trade of conſumption, therefore, may, upon ſome occaſions, be as neceſſary for ſupporting the productive labour of the country, and the value of its annual produce, as the moſt direct.

When the capital ſtock of any country is increaſed to ſuch a degree, that it cannot be all employed in ſupplying the conſumption, and ſupporting the productive labour of that particular country, the ſurplus part of it naturally diſgorges itſelf into the carrying trade, and is employed in performing the ſame offices to other countries. The carrying trade is the natural effect and ſymptom of great national wealth: but it does not ſeem to be the natural cauſe of it. Thoſe ſtateſmen who have been diſpoſed to favour it with particular encouragements, ſeem to have miſtaken the effect and ſymptom for the cauſe. Holland, in proportion to the extent of the land and the number of its inhabitants, by far the richeſt country in Europe, has, accordingly, the greateſt

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greateſt ſhare of the carrying trade of Europe. England, perhaps the ſecond richeſt country of Europe, is likewiſe ſuppoſed to have a conſiderable ſhare of it; though what commonly paſſes for the carrying trade of England, will frequently, perhaps, be found to be no more than a round-about foreign trade of conſumption. Such are, in a great meaſure, the trades which carry the goods of the Eaſt and Weſt Indies, and of America, to different European markets. Thoſe goods are generally purchaſed either immediately with the produce of Britiſh induſtry, or with ſomething elſe which had been purchaſed with that produce, and the final returns of thoſe trades are generally uſed or conſumed in Great Britain. The trade which is carried on in Britiſh bottoms between the different ports of the Mediterranean, and ſome trade of the ſame kind carried on by Britiſh merchants between the different ports of India, make, perhaps, the principal branches of what is properly the carrying trade of Great Britain.

THE extent of the home-trade and of the capital which can be employed in it, is neceſſarily limited by the value of the ſurplus produce of all thoſe diſtant places within the country which have occaſion to exchange their reſpective productions with one another. That of the foreign trade of conſumption, by the value of the ſurplus produce of the whole country and of what can be purchaſed with it. That of the carrying trade, by the value of the ſurplus produce of all the different countries in the world. Its poſſible extent, therefore, is in a manner infinite in compariſon of that of the other two, and is capable of abſorbing the greateſt capitals.

The conſideration of his own private profit, is the ſole motive which determines the owner of any capital to employ it either in agriculture, in manufactures, or in ſome particular branch of the wholeſale or retail trade. The different quantities of productive labour which it may put into motion, and the different values which it may add to the annual produce of the land and labour of the ſociety, according as it is employed in one or other of thoſe different ways, never enter into his thoughts. In countries, therefore, where agriculture is the moſt profitable of all employments, and farming and improving the moſt direct roads to a ſplendid fortune, the capitals of individuals will naturally be employed in the manner moſt advantageous to the whole ſociety

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The profits of agriculture, however, ſeem to have no ſuperiority over thoſe of other employments in any part of Europe. Projectors, indeed, in every corner of it, have within theſe few years amuſed the public with moſt magnificent accounts of the profits to be made by the cultivation and improvement of land. Without entering into any particular diſcuſſion of their calculations, a very ſimple obſervation may ſatisfy us that the reſult of them muſt be falſe. We ſee every day the moſt ſplendid fortunes that have been acquired in the courſe of a ſingle life by trade and manufactures, frequently from a very ſmall capital, ſometimes from no capital. A ſingle inſtance of ſuch a fortune acquired by agriculture in the ſame time, and from ſuch a capital, has not, perhaps, occurred in Europe during the courſe of the preſent century. In all the great countries of Europe, however, much good land ſtill remains uncultivated, and the greater part of what is cultivated is far from being improved to the degree of which it is capable. Agriculture, therefore, is almoſt every where capable of abſorbing a much greater capital than has ever yet been employed in it. What circumſtances in the policy of Europe have given the trades which are carried on in towns ſo great an advantage over that which is carried on in the country, that private perſons frequently find it more for their advantage to employ their capitals in the moſt diſtant carrying trades of Aſia and America, than in the improvement and cultivation of the moſt fertile fields in their own neighbourhood, I ſhall endeavour to explain at full length in the two following books.

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BOOK III.

Of the different Progreſs of Opulence in different Nations.

CHAP. I.

Of the natural Progreſs of Opulence.

THE great commerce of every civilized ſociety, is that carried on between the inhabitants of the town and thoſe of the country. It conſiſts in the exchange of rude for manufactured produce, either immediately, or by the intervention of money, or of ſome ſort of paper which repreſents money. The country ſupplies the town with the means of ſubſiſtence, and the materials of manufacture. The town repays this ſupply by ſending back a part of the manufactured produce to the inhabitants of the country. The town, in which there neither is nor can be any reproduction of ſubſtances, may very properly be ſaid to gain its whole wealth and ſubſiſtence from the country. We muſt not, however, upon this account, imagine that the gain of the town is the loſs of the country. The gains of both are mutual and reciprocal, and the diviſion of labour is in this, as in all other caſes, advantageous to all the different perſons employed in the various occupations into which it is ſubdivided. The inhabitants of the country purchaſe of the town a greater quantity of manufactured goods, with the produce of a much ſmaller quantity of their own labour, than they muſt have employed had they attempted to prepare them themſelves. The town affords a market for the ſurplus produce of the country, or what is over and above the maintenance of the cultivators, and

and it is there that the inhabitants of the country exchange it for ſomething elſe which is in demand among them. The greater the number and revenue of the inhabitants of the town, the more extenſive is the market which it affords to thoſe of the country; and the more extenſive that market, it is always the more advantageous to a great number. The corn which grows within a mile of the town, ſells there for the ſame price with that which comes from twenty miles diſtance. But the price of the latter muſt generally, not only pay the expence of raiſing and bringing it to market, but afford too the ordinary profits of agriculture to the farmer. The proprietors and cultivators of the country, therefore, which lies in the neighbourhood of the town, over and above the ordinary profits of agriculture, gain, in the price of what they ſell, the whole value of the carriage of the like produce that is brought from more diſtant parts, and they ſave, beſides, the whole value of this carriage in the price of what they buy. Compare the cultivation of the lands in the neighbourhood of any conſiderable town, with that of thoſe which lie at ſome diſtance from it, and you will eaſily ſatisfy yourſelf how much the country is benefited by the commerce of the town. Among all the abſurd ſpeculations that have been propagated concerning the balance of trade, it has never been pretended that either the country loſes by its commerce with the town, or the town by that with the country which maintains it.

As ſubſiſtence is, in the nature of things, prior to conveniency and luxury, ſo the induſtry which procures the former, muſt neceſſarily be prior to that which miniſters to the latter. The cultivation and improvement of the country, therefore, which affords ſubſiſtence, muſt, neceſſarily, be prior to the increaſe of the town, which furniſhes only the means of conveniency and luxury. It is the ſurplus produce of the country only, or what is over and above the maintenance of the cultivators, that conſtitutes the ſubſiſtence of the town, which can therefore increaſe only with the increaſe of this ſurplus produce. The town, indeed, may not always derive its whole ſubſiſtence from the country in its neighbourhood, or even from the territory to which it belongs, but from very diſtant countries; and this, though it forms no exception from the general rule, has occaſioned conſiderable variations in the progreſs of opulence in different ages and nations.

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THAT order of things which neceſſity impoſes in general, though not in every particular country, is, in every particular country, promoted by the natural inclinations of man. If human inſtitutions had never thwarted thoſe natural inclinations, the towns could no-where have increaſed beyond what the improvement and cultivation of the territory in which they were ſituated could ſupport; till ſuch time, at leaſt, as the whole of that territory was compleatly cultivated and improved. Upon equal, or nearly equal profits, moſt men will chuſe to employ their capitals, rather in the improvement and cultivation of land, than either in manufactures or in foreign trade. The man who employs his capital in land, has it more under his view and command, and his fortune is much leſs liable to accidents than that of the trader, who is obliged frequently to commit it, not only to the winds and the waves, but to the more uncertain elements of human folly and injuſtice, by giving great credits in diſtant countries to men, with whoſe character and ſituation he can ſeldom be thoroughly acquainted. The capital of the landlord, on the contrary, which is fixed in the improvement of his land, ſeems to be as well ſecured as the nature of human affairs can admit of. The beauty of the country beſides, the pleaſures of a country life, the tranquillity of mind which it promiſes, and wherever the injuſtice of human laws does not diſturb it, the independency which it really affords, have charms that more or leſs attract every body; and as to cultivate the ground was the original deſtination of man, ſo in every ſtage of his exiſtence he ſeems to retain a predilection for this primitive employment.

WITHOUT the aſſiſtance of ſome artificers, indeed, the cultivation of land cannot be carried on, but with great inconveniency and continual interruption. Smiths, carpenters, wheel-wrights, and plough-wrights, maſons, and bricklayers, tanners, ſhoemakers, and taylors, are people, whoſe ſervice the farmer has frequent occaſion for. Such artificers too ſtand, occaſionally, in need of the aſſiſtance of one another; and as their reſidence is not, like that of the farmer, neceſſarily tied down to a preciſe ſpot, they naturally ſettle in the neighbourhood of one another, and thus form a ſmall town or village. The butcher, the brewer, and the baker, ſoon join them, together with many other artificers and retailers, neceſſary or uſeful for ſupplying their occaſional wants, and who contribute ſtill further to augment the town. The inhabitants

Inhabitants of the town and thoſe of the country are mutually the ſervants of one another. The town is a continual fair or market, to which the inhabitants of the country reſort, in order to exchange their rude for manufactured produce. It is this commerce which ſupplies the inhabitants of the town both with the materials of their work, and the means of their ſubſiſtence. The quantity of the finiſhed work which they ſell to the inhabitants of the country, neceſſarily regulates the quantity of the materials and proviſions which they buy. Neither their employment nor ſubſiſtence, therefore, can augment, but in proportion to the augmentation of the demand from the country for finiſhed work; and this demand can augment only in proportion to the extenſion of improvement and cultivation. Had human inſtitutions, therefore, never diſturbed the natural courſe of things, the progreſſive wealth and increaſe of the towns would, in every political ſociety, be conſequential, and in proportion to the improvement and cultivation of the territory or country.

In our North American colonies, where uncultivated land is ſtill to be had upon eaſy terms, no manufactures for diſtant ſale have ever yet been eſtabliſhed in any of their towns. When an artificer has acquired a little more ſtock than is neceſſary for carrying on his own buſineſs in ſupplying the neighbouring country, he does not, in North America, attempt to eſtabliſh with it a manufacture for more diſtant ſale, but employs it in the purchaſe and improvement of uncultivated land. From artificer he becomes planter, and neither the large wages nor the eaſy ſubſiſtence which that country affords to artificers, can bribe him rather to work for other people than for himſelf. He feels that an artificer is the ſervant of his cuſtomers, from whom he derives his ſubſiſtence; but that a planter who cultivates his own land, and derives his neceſſary ſubſiſtence from the labour of his own family, is really a maſter, and independent of all the world.

In countries, on the contrary, where there is either no uncultivated land, or none that can be had upon eaſy terms, every artificer who has acquired more ſtock than he can employ in the occaſional jobs of the neighbourhood, endeavours to prepare work for more diſtant ſale. The ſmith erects ſome ſort of iron, the weaver ſome ſort of linen or woollen manufactory.

factory. Thoſe different manufactures come, in proceſs of time, to be gradually ſubdivided, and thereby improved and refined in a great variety of ways, which may eaſily be conceived, and which it is therefore unneceſſary to explain any further.

In ſeeking for employment to a capital, manufactures are, upon equal or nearly equal profits, naturally preferred to foreign commerce, for the ſame reaſon that agriculture is naturally preferred to manufactures. As the capital of the landlord or farmer is more ſecure than that of the manufacturer, ſo the capital of the manufacturer, being at all times more within his view and command, is more ſecure than that of the foreign merchant. In every period, indeed, of every ſociety, the ſurplus part both of the rude and manufactured produce, or that for which there is no demand at home, muſt be ſent abroad in order to be exchanged for ſomething for which there is ſome demand at home. But whether the capital, which carries this ſurplus produce abroad, be a foreign or a domeſtic one, is of very little importance. If the ſociety has not acquired ſufficient capital both to cultivate all its lands, and to manufacture in the compleateſt manner the whole of its rude produce, there is even a conſiderable advantage that that rude produce ſhould be exported by a foreign capital, in order that the whole ſtock of the ſociety may be employed in more uſeful purpoſes. The wealth of antient Egypt, that of China and Indoſtan, ſufficiently demonſtrate that a nation may attain a very high degree of opulence, though the greater part of its exportation trade be carried on by foreigners. The progreſs of our North American and Weſt Indian colonies would have been much leſs rapid, had no capital but what belonged to themſelves been employed in exporting their ſurplus produce.

According to the natural courſe of things, therefore, the greater part of the capital of every growing ſociety is, firſt, directed to agriculture, afterwards to manufactures, and laſt of all to foreign commerce. This order of things is ſo very natural, that in every ſociety that had any territory, it has always, I believe, been in ſome degree obſerved. Some of their lands muſt have been cultivated before any conſiderable towns could be eſtabliſhed, and ſome ſort of coarſe induſtry of the manufacturing kind muſt have been carrried on in thoſe towns,

towns, before they could well think of employing themſelves in foreign commerce.

BUT though this natural order of things muſt have taken place in ſome degree in every ſuch ſociety, it has, in all the modern ſtates of Europe, been, in many reſpects, entirely inverted. The foreign commerce of ſome of their cities has introduced all their finer manufactures, or ſuch as were fit for diſtant ſale; and manufactures and foreign commerce together, have given birth to the principal improvements of agriculture. The manners and cuſtoms which the nature of their original government introduced, and which remained after that government was greatly altered, neceſſarily forced them into this unnatural and retrograde order.

CHAP.

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CHAP. II.

Of the Diſcouragement of Agriculture in the antient State of Europe after the Fall of the Roman Empire.

WHEN the German and Scythian nations over-ran the weſtern provinces of the Roman empire, the confuſions which followed ſo great a revolution laſted for ſeveral centuries. The rapine and violence which the barbarians exerciſed againſt the antient inhabitants, interrupted the commerce between the towns and the country. The towns were deſerted, and the country was left uncultivated, and the weſtern provinces of Europe, which had enjoyed a conſiderable degree of opulence under the Roman empire, ſunk into the loweſt ſtate of poverty and barbariſm. During the continuance of thoſe confuſions, the chiefs and principal leaders of thoſe nations, acquired or uſurped to themſelves the greater part of the lands of thoſe countries. A great part of them was uncultivated; but no part of them, whether cultivated or uncultivated, was left without a proprietor. All of them were engroſſed, and the greater part by a few great proprietors.

THIS original engroſſing of uncultivated lands, though a great, might have been but a tranſitory evil. They might ſoon have been divided again, and broke into ſmall parcels either by ſucceſſion or by alienation. The law of primogeniture hindered them from being divided by ſucceſſion: the introduction of entails prevented their being broke into ſmall parcels by alienation.

WHEN land, like moveables, is conſidered as the means only of ſubſiſtence and enjoyment, the natural law of ſucceſſion divides it, like them, among all the children of the family; of all of whom the ſubſiſtence and enjoyment may be ſuppoſed equally dear to the father. This natural law of ſucceſſion accordingly took place among the Romans, who made no more diſtinction between elder and younger, between

tween male and female, in the inheritance of lands, than we do in the diſtribution of moveables. But when land was conſidered as the means, not of ſubſiſtence merely, but of power and protection, it was thought better that it ſhould deſcend undivided to one. In thoſe diſorderly times, every great landlord was a ſort of petty prince. His tenants were his ſubjects. He was their judge, and in ſome reſpects their legiſlator in peace, and their leader in war. He made war according to his own diſcretion, frequently againſt his neighbours, and ſometimes againſt his ſovereign. The ſecurity of a landed eſtate, therefore, the protection which its owner could afford to thoſe who dwelt on it, depended upon its greatneſs. To divide it was to ruin it, and to expoſe every part of it to be oppreſſed and ſwallowed up by the incurſions of its neighbours. The law of primogeniture, therefore, came to take place, not immediately, indeed, but in proceſs of time, in the ſucceſſion of landed eſtates, for the ſame reaſon that it has generally taken place in that of monarchies, though not always at their firſt inſtitution. That the power and conſequently the ſecurity of the monarchy, may not be weakened by diviſion, it muſt deſcend entire to one of the children. To which of them ſo important a preference ſhall be given, muſt be determined by ſome general rule, founded not upon the doubtful diſtinctions of perſonal merit, but upon ſome plain and evident difference which can admit of no diſpute. Among the children of the ſame family, there can be no indiſputable difference but that of ſex, and that of age. The male ſex is univerſally preferred to the female; and when all other things are equal, the elder every-where takes place of the younger. Hence the origin of the right of primogeniture, and of what is called lineal ſucceſſion.

LAWS frequently continue in force long after the circumſtances, which firſt gave occaſion to them, and which could alone render them reaſonable, are no more. In the preſent ſtate of Europe, the proprietor of a ſingle acre of land is as perfectly ſecure of his poſſeſſion as the proprietor of a hundred thouſand. The right of primogeniture, however, ſtill continues to be reſpected, and as of all inſtitutions it is the fitteſt to ſupport the pride of family diſtinctions, it is ſtill likely to endure for many centuries. In every other reſpect, nothing can be more contrary to the real intereſt of a numerous family, than a right which, in order to enrich one, beggars all the reſt of the children.

ENTAILS

ENTAILS are the natural conſequences of the law of primogeniture. They were introduced to preſerve a certain lineal ſucceſſion, of which the law of primogeniture firſt gave the idea, and to hinder any part of the original eſtate from being carried out of the propoſed line either by gift, or deviſe, or alienation; either by the folly, or by the misfortune of any of its ſucceſſive owners. They were altogether unknown to the Romans. Neither their ſubſtitutions nor fideicommiſſes bear any reſemblance to entails, though ſome French lawyers have thought proper to dreſs the modern inſtitution in the language and garb of thoſe antient ones.

WHEN great landed eſtates were a ſort of principalities, entails might not be unreaſonable. Like what are called the fundamental laws of ſome monarchies, they might frequently hinder the ſecurity of thouſands from being endangered by the caprice or extravagance of one man. But in the preſent ſtate of Europe, when ſmall as well as great eſtates derive their ſecurity from the laws of their country, nothing can be more completely abſurd. They are founded upon the moſt abſurd of all ſuppoſitions, the ſuppoſition that every ſucceſſive generation of men have not an equal right to the earth, and to all that it poſſeſſes; but that the property of the preſent generation ſhould be reſtrained and regulated according to the fancy of thoſe who died perhaps five hundred years ago. Entails, however, are ſtill reſpected through the greater part of Europe, in thoſe countries particularly in which noble birth is a neceſſary qualification for the enjoyment either of civil or military honours. Entails are thought neceſſary for maintaining this excluſive privilege of the nobility to the great offices and honours of their country; and that order having uſurped one unjuſt advantage over the reſt of their fellow-citizens, leſt their poverty ſhould render it ridiculous, it is thought reaſonable that they ſhould have another. The common law of England, indeed, is ſaid to abhor perpetuities, and they are accordingly more reſtricted there than in any other European monarchy; though even England is not altogether without them. In Scotland more than one-fifth, perhaps more than one-third part of the whole lands of the country, are at preſent ſuppoſed to be under ſtrict entail.

GREAT tracts of uncultivated land were, in this manner, not only engroſſed by particular families, but the poſſibility of

of their being divided again was as much as poſſible precluded for ever. It ſeldom happens, however, that a great proprietor is a great improver. In the diſorderly times which gave birth to thoſe barbarous inſtitutions, the great proprietor was ſufficiently employed in defending his own territories, or in extending his juriſdiction and authority over thoſe of his neighbours. He had no leiſure to attend to the cultivation and improvement of land. When the eſtabliſhment of law and order afforded him this leiſure, he often wanted the inclination, and almoſt always the requiſite abilities. If the expence of his houſe and perſon either equalled or exceeded his revenue, as it did very frequently, he had no ſtock to employ in this manner. If he was an œconomiſt, he generally found it more profitable to employ his annual ſavings in new purchaſes, than in the improvement of his old eſtate. To improve land with profit, like all other commercial projects, requires an exact attention to ſmall ſavings and ſmall gains, of which a man born to a great fortune, even though naturally frugal, is very ſeldom capable. The ſituation of ſuch a perſon naturally diſpoſes him to attend rather to ornament which pleaſes his fancy, than to profit for which he has ſo little occaſion. The elegance of his dreſs, of his equipage, of his houſe, and houſehold furniture, are objects which from his infancy he has been accuſtomed to have ſome anxiety about. The turn of mind which this habit naturally forms, follows him when he comes to think of the improvement of land. He embelliſhes perhaps four or five hundred acres in the neighbourhood of his houſe, at ten times the expence which the land is worth after all his improvements; and finds that if he was to improve his whole eſtate in the ſame manner, and he has little taſte for any other, he would be a bankrupt before he had finiſhed the tenth part of it. There ſtill remain in both parts of the united kingdom ſome great eſtates which have continued without interruption in the hands of the ſame family ſince the times of feudal anarchy. Compare the preſent condition of thoſe eſtates with the poſſeſſions of the ſmall proprietors in their neighbourhood, and you will require no other argument to convince you how unfavourable ſuch extenſive property is to improvement.

If little improvement was to be expected from ſuch great proprietors, ſtill leſs was to be hoped for from thoſe who occupied the land under them. In the antient ſtate of Europe, the

the occupiers of land were all tenants at will. They were all or almoſt all ſlaves; but their ſlavery was of a milder kind than that known among the antient Greeks and Romans, or even in our Weſt Indian colonies. They were ſuppoſed to belong more directly to the land than to their maſter. They could, therefore, be ſold with it, but not ſeparately. They could marry, provided it was with the conſent of their maſter; and he could not afterwards diſſolve the marriage by ſelling the man and wife to different perſons. If he maimed or murdered any of them, he was liable to ſome penalty, though generally but to a ſmall one. They were not, however, capable of acquiring property. Whatever they acquired was acquired to their maſter, and he could take it from them at pleaſure. Whatever cultivation and improvement could be carried on by means of ſuch ſlaves, was properly carried on by their maſter. It was at his expence. The ſeed, the cattle, and the inſtruments of huſbandry were all his. It was for his benefit. Such ſlaves could acquire nothing but their daily maintenance. It was properly the proprietor himſelf, therefore, that, in this caſe, occupied his own lands, and cultivated them by his own bondmen. This ſpecies of ſlavery ſtill ſubſiſts in Ruſſia, Poland, Hungary, Bohemia, Moravia, and other parts of Germany. It is only in the weſtern and ſouth-weſtern provinces of Europe, that it has gradually been aboliſhed altogether.

BUT if great improvements are ſeldom to be expected from great proprietors, they are leaſt of all to be expected when they employ ſlaves for their workmen. The experience of all ages and nations, I believe, demonſtrates that the work done by ſlaves, though it appears to coſt only their maintenance, is in the end the deareſt of any. A perſon who can acquire no property, can have no other intereſt but to eat as much, and to labour as little as poſſible. Whatever work he does beyond what is ſufficient to purchaſe his own maintenance, can be ſqueezed out of him by violence only, and not by any intereſt of his own. In antient Italy, how much the cultivation of corn degenerated, how unprofitable it became to the maſter when it fell under the management of ſlaves, is remarked by both Pliny and Columella. In the time of Ariſtotle it had not been much better in antient Greece. Speaking of the ideal republic deſcribed in the laws of Plato, to maintain five thouſand idle men (the number of warriors ſuppoſed neceſſary for its defence) together with

their women and ſervants, would require, he ſays, a territory of boundleſs extent and fertility, like the plains of Babylon.

THE pride of man makes him love to domineer, and nothing mortifies him ſo much as to be obliged to condeſcend to perſuade his inferiors. Wherever the law allows it, and the nature of the work can afford it, therefore, he will generally prefer the ſervice of ſlaves to that of freemen. The planting of ſugar and tobacco can afford the expence of ſlave-cultivation. The raiſing of corn, it ſeems, in the preſent times, cannot. In the Engliſh colonies, of which the principal produce is corn, the far greater part of the work is done by freemen. The late reſolution of the Quakers in Penſylvania to ſet at liberty all their negro ſlaves, may ſatisfy us that their number cannot be very great. Had they made any conſiderable part of their property, ſuch a reſolution could never have been agreed to. In our ſugar colonies, on the contrary, the whole work is done by ſlaves, and in our tobacco colonies a very great part of it. The profits of a ſugar plantation in any of our Weſt Indian colonies are generally much greater than thoſe of any other cultivation that is known either in Europe or America: And the profits of a tobacco plantation, though inferior to thoſe of ſugar, are ſuperior to thoſe of corn, as has already been obſerved. Both can afford the expence of ſlave-cultivation, but ſugar can afford it ſtill better than tobacco. The number of negroes accordingly is much greater, in proportion to that of whites, in our ſugar than in our tobacco colonies.

To the ſlave cultivators of antient times, gradually ſucceeded a ſpecies of farmers known at preſent in France by the name of Metayers. They are called in Latin, Coloni Partiarii. They have been ſo long in diſuſe in England that at preſent I know no Engliſh name for them. The proprietor furniſhed them with the ſeed, cattle, and inſtruments of huſbandry, the whole ſtock, in ſhort, neceſſary for cultivating the farm. The produce was divided equally between the proprietor and the farmer, after ſetting aſide what was judged neceſſary for keeping up the ſtock, which was reſtored to the proprietor when the farmer either quitted, or was turned out of the farm.

LAND

LAND occupied by ſuch tenants is properly cultivated at the expence of the proprietor, as much as that occupied by ſlaves. There is, however, one very eſſential difference between them. Such tenants, being freemen, are capable of acquiring property, and having a certain proportion of the produce of the land, they have a plain intereſt that the whole produce ſhould be as great as poſſible, in order that their own proportion may be ſo. A ſlave, on the contrary, who can acquire nothing but his maintenance, conſults his own eaſe by making the land produce as little as poſſible over and above that maintenance. It is probable that it was partly upon account of this advantage, and partly upon account of the encroachments which the ſovereign, always jealous of the great lords, gradually encouraged their villains to make upon their authority, and which ſeem at laſt to have been ſuch as rendered this ſpecies of ſervitude altogether inconvenient, that tenure in villanage gradually wore out through the greater part of Europe. The time and manner, however, in which ſo important a revolution was brought about, is one of the moſt obſcure points in modern hiſtory. The church of Rome claims great merit in it; and it is certain that ſo early as the twelfth century, Alexander III. publiſhed a bull for the general emancipation of ſlaves. It ſeems, however, to have been rather a pious exhortation, than a law to which exact obedience was required from the faithful. Slavery continued to take place almoſt univerſally for ſeveral centuries afterwards, till it was gradually aboliſhed by the joint operation of the two intereſts above mentioned, that of the proprietor on the one hand, and that of the ſovereign on the other. A villain enfranchiſed, and at the ſame time allowed to continue in poſſeſſion of the land, having no ſtock of his own, could cultivate it only by means of what the landlord advanced to him, and muſt, therefore, have been what the French call a Metayer.

IT could never, however, be the intereſt even of this laſt ſpecies of cultivators to lay out, in the further improvement of the land, any part of the little ſtock which they might ſave from their own ſhare of the produce, becauſe the lord, who laid out nothing, was to get one-half of whatever it produced. The tithe, which is but a tenth of the produce, is found to be a very great hindrance to improvement. A tax, therefore, which amounted to one half, muſt have been an effectual bar to it. It might be the intereſt of a metayer to

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make the land produce as much as could be brought out of it by means of the ſtock furniſhed by the proprietor; but it could never be his intereſt to mix any part of his own with it. In France, where five parts out of ſix of the whole kingdom are ſaid to be ſtill occupied by this ſpecies of cultivators, the proprietors complain that their metayers take every opportunity of employing the maſters cattle rather in carriage than in cultivation; becauſe in the one caſe they get the whole profits to themſelves, in the other they ſhare them with their landlord. This ſpecies of tenants ſtill ſubſiſts in ſome parts of Scotland. They are called ſteel-bow tenants. Thoſe antient Engliſh tenants, who are ſaid by Chief Baron Gilbert and Doctor Blackſtone to have been rather bailiffs of the landlord than farmers properly ſo called, were probably of the ſame kind.

To this ſpecies of tenancy ſucceeded, though by very ſlow degrees, farmers properly ſo called, who cultivated the land with their own ſtock, paying a rent certain to the landlord. When ſuch farmers have a leaſe for a term of years, they may ſometimes find it for their intereſt to lay out part of their capital in the further improvement of the farm; becauſe they may ſometimes expect to recover it, with a large profit, before the expiration of the leaſe. The poſſeſſion even of ſuch farmers, however, was long extremely precarious, and ſtill is ſo in many parts of Europe. They could before the expiration of their term be legally outed of their leaſe, by a new purchaſer; in England, even by the fictitious action of a common recovery. If they were turned out illegally by the violence of their maſter, the action by which they obtained redreſs was extremely imperfect. It did not always reinſtate them in the poſſeſſion of the land, but gave them damages which never amounted to the real loſs. Even in England, the country perhaps of Europe where the yeomanry has always been moſt reſpected, it was not till about the 14th of Henry VII. that the action of ejectment was invented, by which the tenant recovers, not damages only but poſſeſſion, and in which his claim is not neceſſarily concluded by the uncertain deciſion of a ſingle aſſize. This action has been found ſo effectual a remedy that, in the modern practice, when the landlord has occaſion to ſue for the poſſeſſion of the land, he ſeldom makes uſe of the actions which properly belong to him as landlord, the writ of right or the writ of entry, but ſues in the name of his tenant, by the writ of ejectment. In England,

England, therefore, the ſecurity of the tenant is equal to that of the proprietor. In England beſides a leaſe for life of forty ſhillings a year value is a freehold, and entitles the leſſee to vote for a member of parliament; and as a great part of the yeomanry have freeholds of this kind, the whole order becomes reſpectable to their landlords on account of the political conſideration which this gives them. There is, I believe, nowhere in Europe, except in England, any inſtance of the tenant building upon the land of which he had no leaſe, and truſting that the honour of his landlord would take no advantage of ſo important an improvement. Thoſe laws and cuſtoms ſo favourable to the yeomanry, have perhaps contributed more to the preſent grandeur of England than all their boaſted regulations of commerce taken together.

THE law which ſecures the longeſt leaſes againſt ſucceſſors of every kind is, ſo far as I know, peculiar to Great Britain. It was introduced into Scotland ſo early as 1449, by a law of James II. Its beneficial influence, however, has been much obſtructed by entails; the heirs of entail being generally reſtrained from letting leaſes for any long term of years, frequently for more than one year. A late act of parliament has, in this reſpect, ſomewhat ſlackened their fetters, though they are ſtill by much too ſtrait. In Scotland, beſides, as no leaſehold gives a vote for a member of parliament, the yeomanry are upon this account leſs reſpectable to their landlords than in England.

IN other parts of Europe, after it was found convenient to ſecure tenants both againſt heirs and purchaſers, the term of their ſecurity was ſtill limited to a very ſhort period; in France, for example, to nine years from the commencement of the leaſe. It has in that country, indeed, been lately extended to twenty-ſeven, a period ſtill too ſhort to encourage the tenant to make the moſt important improvements. The proprietors of land were antiently the legiſlators of every part of Europe. The laws relating to land, therefore, were all calculated for what they ſuppoſed the intereſt of the proprietor. It was for his intereſt, they had imagined, that no leaſe granted by any of his predeceſſors ſhould hinder him from enjoying, during a long term of years, the full value of his land. Avarice and injuſtice are always ſhort-ſighted, and they did not foreſee how much this regulation muſt obſtruct improvement,

improvement, and thereby hurt in the long-run the real intereſt of the landlord.

THE farmers too, beſides paying the rent, were antiently, it was ſuppoſed, bound to perform a great number of ſervices to the landlord, which were ſeldom either ſpecified in the leaſe, or regulated by any preciſe rule, but by the uſe and want of the manor or barony. Theſe ſervices, therefore, being almoſt entirely arbitrary, ſubjected the tenant to many vexations. In Scotland the abolition of all ſervices, not preciſely ſtipulated in the leaſe, has in the courſe of a few years very much altered for the better the condition of the yeomanry of that country.

THE public ſervices to which the yeomanry were bound, were not leſs arbitrary than the private ones. To make and maintain the high roads, a ſervitude which ſtill ſubſiſts, I believe, every where, though with different degrees of oppreſſion in different countries, was not the only one. When the king's troops, when his houſehold or his officers of any kind paſſed through any part of the country, the yeomanry were bound to provide them with horſes, carriages, and proviſions, at a price regulated by the purveyor. Great Britain is, I believe, the only monarchy in Europe where the oppreſſion of purveyance has been entirely aboliſhed. It ſtill ſubſiſts in France and Germany.

THE public taxes to which they were ſubject were as irregular and oppreſſive as the ſervices. The antient lords, though extremely unwilling to grant themſelves any pecuniary aid to their ſovereign, eaſily allowed him to tallage, as they called it, their tenants, and had not knowledge enough to foreſee how much this muſt in the end affect their own revenue. The taille, as it ſtill ſubſiſts in France, may ſerve as an example of thoſe antient tallages. It is a tax upon the ſuppoſed profits of the farmer, which they eſtimate by the ſtock that he has upon the farm. It is his intereſt, therefore, to appear to have as little as poſſible, and conſequently to employ as little as poſſible in its cultivation, and none in its improvement. Should any ſtock happen to accumulate in the hands of a French farmer, the taille is almoſt equal to a prohibition of its ever being employed upon the land. This tax beſides is ſuppoſed to diſhonour whoever is ſubject to it, and to degrade him below not only the rank of a gentleman, but that

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that of a burgher, and whoever rents the lands of another becomes ſubject to it. No gentleman, nor even any burgher who has ſtock, will ſubmit to this degradation. This tax, therefore, not only hinders the ſtock which accumulates upon the land from being employed in its improvement, but drives away all other ſtock from it. The antient tenths and fifteenths, ſo uſual in England in former times, ſeem, ſo far as they affected the land, to have been taxes of the ſame nature with the taille.

UNDER all theſe diſcouragements, little improvement could be expected from the occupiers of land. That order of people, with all the liberty and ſecurity which law can give, muſt always improve under great diſadvantages. The farmer compared with the proprietor, is as a merchant who trades with borrowed money compared with one who trades with his own. The ſtock of both may improve, but that of the one, with only equal good conduct, muſt always improve, more ſlowly than that of the other, on account of the large ſhare of the profits which is conſumed by the intereſt of the loan. The lands cultivated by the farmer muſt, in the ſame manner, with only equal good conduct, be improved more ſlowly than thoſe cultivated by the proprietor; on account of the large ſhare of the produce which is conſumed in the rent, and which, had the farmer been proprietor, he might have employed in the further improvement of the land. The ſtation of a farmer beſides is, from the nature of things, inferior to that of a proprietor. Through the greater part of Europe the yeomanry are regarded as an inferior rank of people, even to the better ſort of tradeſmen and mechanicks, and in all parts of Europe to the great merchants and maſter manufacturers. It can ſeldom happen, therefore, that a man of any conſiderable ſtock ſhould quit the ſuperior, in order to place himſelf in an inferior ſtation. Even in the preſent ſtate of Europe, therefore, little ſtock is likely to go from any other profeſſion to the improvement of land in the way of farming. More does perhaps in Great Britain than in any other country, though even there the great ſtocks which are, in ſome places, employed in farming, have generally been acquired by farming, the trade, perhaps, in which of all others ſtock is commonly acquired moſt ſlowly. After ſmall proprietors, however, rich and great farmers are, in every country, the principal improvers. There are more ſuch perhaps in England than in any other European monarchy.

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Monarchy. In the republican governments of Holland and of Berne in Switzerland, the farmers are ſaid to be not inferior to thoſe of England.

THE antient policy of Europe was, over and above all this, unfavourable to the improvement and cultivation of land, whether carried on by the proprietor or by the farmer; firſt, by the general prohibition of the exportation of corn without a ſpecial licence, which ſeems to have been a very univerſal regulation; and ſecondly, by the reſtraints which were laid upon the inland commerce, not only of corn but of almoſt every other part of the produce of the farm, by the abſurd laws againſt engroſſers, regrators, and foreſtallers, and by the privileges of fairs and markets. It has already been obſerved in what manner the prohibition of the exportation of corn, together with ſome encouragement given to the importation of foreign corn, obſtructed the cultivation of antient Italy, naturally the moſt fertile country in Europe, and at that time the ſeat of the greateſt empire in the world. To what degree ſuch reſtraints upon the inland commerce of this commodity, joined to the general prohibition of exportation, muſt have diſcouraged the cultivation of countries leſs fertile, and leſs favourably circumſtanced, it is not perhaps very eaſy to imagine.

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CHAP. III.

Of the Rise and Progress of Cities and Towns, after the Fall of the Roman Empire.

THE inhabitants of cities and towns were, after the fall of the Roman empire, not more favoured than those of the country. They consisted, indeed, of a very different order of people from the first inhabitants of the antient republics of Greece and Italy. These last were composed chiefly of the proprietors of lands, among whom the public territory was originally divided, and who found it convenient to build their houses in the neighbourhood of one another, and to surround them with a wall, for the sake of common defence. After the fall of the Roman empire, on the contrary, the proprietors of land seem generally to have lived in fortified castles on their own estates, and in the midst of their own tenants and dependants. The towns were chiefly inhabited by tradesmen and mechanics, who seem in those days to have been of servile, or very nearly of servile condition. The privileges which we find granted by antient charters to the inhabitants of some of the principal towns in Europe, sufficiently shew what they were before those grants. The people to whom it is granted as a privilege, that they might give away their own daughters in marriage without the consent of their lord, that upon their death their own children, and not their lord, should succeed to their goods, and that they might dispose of their own effects by will, must, before those grants, have been either altogether, or very nearly in the same state of villanage with the occupiers of land in the country.

THEY seem, indeed, to have been a very poor, mean sett of people, who used to travel about with their goods from place to place, and from fair to fair, like the hawkers and pedlars of the present times. In all the different countries of Europe then, in the same manner as in several of the Tartar governments of Asia at present, taxes used to be levied upon the persons and goods of travellers, when they passed through certain

certain manors, when they went over certain bridges, when they carried about their goods from place to place in a fair, when they erected in it a booth or ſtall to ſell them in. Theſe different taxes were known in England by the name of paſſage, pontage, laſtage, and ſtallage. Sometimes the king, ſometimes a great lord, who had, it ſeems, upon ſome occaſions, authority to do this, would grant to particular traders, to ſuch particularly as lived in their own demeſnes, a general exemption from ſuch taxes. Such traders, though in other reſpects of ſervile, or very nearly of ſervile condition, were upon this account called Free-traders. They in return uſually paid to their protector a ſort of annual poll-tax. In thoſe days protection was ſeldom granted without a valuable conſideration, and this tax might, perhaps, be conſidered as compenſation for what their patrons might loſe by their exemption from other taxes. At firſt, both thoſe poll-taxes and thoſe exemptions ſeem to have been altogether perſonal, and to have effected only particular individuals, during either their lives, or the pleaſure of their protectors. In the very imperfect accounts which have been publiſhed from Domeſday-book, of ſeveral of the towns of England, mention is frequently made, ſometimes of the tax which particular burghers paid, each of them, either to the king, or to ſome other great lord, for this ſort of protection; and ſometimes of the general amount only of all thoſe taxes *.

But how ſervile ſoever may have been originally the condition of the inhabitants of the towns, it appears evidently, that they arrived at liberty and independency much earlier than the occupiers of land in the country. That part of the king's revenue which aroſe from ſuch poll-taxes in any particular town, uſed commonly to be lett in farm, during a term of years for a rent certain, ſometimes to the ſheriff of the county, and ſometimes to other perſons. The burghers themſelves frequently got credit enough to be admitted to farm the revenues of this ſort which aroſe out of their own town, they becoming jointly and ſeverally anſwerable for the whole rent †. To lett a farm in this manner was quite agreeable to the uſual œconomy of, I believe, the ſovereigns of all the different countries of Europe; who uſed frequently to lett whole manors to all the tenants of thoſe manors, they be-

* See Brady's hiſtorical treatiſe of Cities and Burroughs, p. 3, &c.

† See Madox Firma Burgi, p. 18, alſo Hiſtory of the Exchequer, chap. 10. Sect. v. p. 223, firſt edition.

coming

coming jointly and ſeverally anſwerable for the whole rent; but in return being allowed to collect it in their own way, and to pay it into the king's exchequer by the hands of their own bailiff, and being thus altogether freed from the inſolence of the king's officers; a circumſtance in thoſe days regarded as of the greateſt importance.

At firſt, the farm of the town was probably lett to the burghers, in the ſame manner as it had been to other farmers, for a term of years only. In proceſs of time, however, it ſeems to have become the general practice to grant it to them in fee, that is for ever, reſerving a rent certain never afterwards to be augmented. The payment having thus become perpetual, the exemptions, in return for which it was made, naturally became perpetual too. Thoſe exemptions, therefore, ceaſed to be perſonal, and could not afterwards be conſidered as belonging to individuals as individuals, but as burghers of a particular burgh, which, upon this account, was called a Free-burgh, for the ſame reaſon that they had been called Free-burghers or Free-traders.

Along with this grant, the important privileges above mentioned, that they might give away their own daughters in marriage, that their children ſhould ſucceed to them, and that they might diſpoſe of their own effects by will, were generally beſtowed upon the burghers of the town to whom it was given. Whether ſuch privileges had before been uſually granted along with the freedom of trade, to particular burghers, as individuals, I know not. I reckon it not improbable that they were, though I cannot produce any direct evidence of it. But however this may have been, the principal attributes of villanage and ſlavery being thus taken away from them, they now, at leaſt, became really free in our preſent ſenſe of the word Freedom.

Nor was this all. They were generally at the ſame time erected into a commonality, or corporation, with the privilege of having magiſtrates and a town-council of their own, of making bye-laws for their own government, of building walls for their own defence, and of reducing all their inhabitants under a ſort of military diſcipline, by obliging them to watch and ward; that is, as antiently underſtood, to guard and defend thoſe walls againſt all attacks and ſurpriſes by night as well as by day. In England they were generally exempted

exempted from ſuit to the hundred and county courts; and all ſuch pleas as ſhould ariſe among them, the pleas of the crown excepted, were left to the deciſion of their own magiſtrates. In other countries much greater and more extenſive juriſdictions were frequently granted to them *.

It might, probably, be neceſſary to grant to ſuch towns as were admitted to farm their own revenues, ſome ſort of compulſive juriſdiction to oblige their own citizens to make payment. In thoſe diſorderly times it might have been extremely inconvenient to have left them to ſeek this ſort of juſtice from any other tribunal. But it muſt ſeem extraordinary that the ſovereigns of all the different countries of Europe, ſhould have exchanged in this manner for a rent certain, never more to be augmented, that branch of their revenue, which was, perhaps, of all others the moſt likely to be improved by the natural courſe of things, without either expence or attention of their own: and that they ſhould, beſides, have in this manner voluntarily erected a ſort of independent republics in the heart of their own dominions.

In order to underſtand this, it muſt be remembered, that in thoſe days the ſovereign of perhaps no country in Europe, was able to protect, through the whole extent of his dominions, the weaker part of his ſubjects from the oppreſſion of the great lords. Thoſe whom the law could not protect, and who were not ſtrong enough to defend themſelves, were obliged either to have recourſe to the protection of ſome great lord, and in order to obtain it to become either his ſlaves or vaſſals; or to enter into a league of mutual defence for the common protection of one another. The inhabitants of cities and burghs, conſidered as ſingle individuals, had no power to defend themſelves: but by entering into a league of mutual defence with their neighbours, they were capable of making no contemptible reſiſtance. The lords deſpiſed the burghers, whom they conſidered not only as of a different order, but as a parcel of emancipated ſlaves, almoſt of a different ſpecies from themſelves. The wealth of the burghers never failed to provoke their envy and indignation, and they plundered them upon every occaſion without mercy or remorſe. The burghers naturally hated and feared the lords.

* See Madox Firma Burgi: See alſo Pfeffel in the remarkable events under Frederick II. and his ſucceſſors of the houſe of Suabia.

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The king hated and feared them too; but though perhaps he might deſpiſe, he had no reaſon either to hate or fear the burghers. Mutual intereſt, therefore, diſpoſed them to ſupport the king, and the king to ſupport them againſt the lords. They were the enemies of his enemies, and it was his intereſt to render them as ſecure and independent of thoſe enemies as he could. By granting them magiſtrates of their own, the privilege of making bye-laws for their own government, that of building walls for their own defence, and that of reducing all their inhabitants under a ſort of military diſcipline, he gave them all the means of ſecurity and independency of the barons which it was in his power to beſtow. Without the eſtabliſhment of ſome regular government of this kind, without ſome authority to compel their inhabitants to act according to ſome certain plan or ſyſtem, no voluntary league of mutual defence could either have afforded them any permanent ſecurity, or have enabled them to give the king any conſiderable ſupport. By granting them the farm of their town in fee, he took away from thoſe whom he wiſhed to have for his friends, and, if one may ſay ſo, for his allies, all ground of jealouſy and ſuſpicion that he was ever afterwards to oppreſs them, either by raiſing the farm rent of their town, or by granting it to ſome other farmer.

THE princes who lived upon the worſt terms with their barons, ſeem accordingly to have been the moſt liberal in grants of this kind to their burghs. King John of England, for example, appears to have been a moſt munificent benefactor to his towns *. Philip the Firſt of France loſt all authority over his barons. Towards the end of his reign, his ſon Lewis, known afterwards by the name of Lewis the Fat, conſulted, according to Father Daniel, with the biſhops of the royal demeſnes, concerning the moſt proper means of reſtraining the violence of the great lords. Their advice conſiſted of two different propoſals. One was to erect a new order of juriſdiction, by eſtabliſhing magiſtrates and a town council in every conſiderable town of his demeſnes. The other was to form a new militia, by making the inhabitants of thoſe towns, under the command of their own magiſtrates, march out upon proper occaſions to the aſſiſtance

* See Madox.

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of the king. It is from this period, according to the French antiquarians, that we are to date the inſtitution of the magiſtrates and councils of cities in France. It was during the unproſperous reigns of the princes of the houſe of Suabia that the greater part of the free towns of Germany received the firſt grants of their privileges, and that the famous Hanſeatic league firſt became formidable *.

The militia of the cities ſeems, in thoſe times, not to have been inferior to that of the country, and as they could be more readily aſſembled upon any ſudden occaſion, they frequently had the advantage in their diſputes with the neighbouring lords. In countries, ſuch as Italy and Switzerland, in which, on account either of their diſtance from the principal ſeat of government, of the natural ſtrength of the country itſelf, or of ſome other reaſon, the ſovereign came to loſe the whole of his authority, the cities generally became independent republics, and conquered all the nobility in their neighbourhood; obliging them to pull down their caſtles in the country, and to live, like other peaceable inhabitants, in the city. This is the ſhort hiſtory of the republic of Berne, as well as of ſeveral other cities in Switzerland. If you except Venice, for of that city the hiſtory is ſomewhat different, it is the hiſtory of all the conſiderable Italian republics, of which ſo great a number aroſe and periſhed, between the end of the twelfth and the beginning of the ſixteenth century.

In countries ſuch as France or England, where the authority of the ſovereign, though frequently very low, never was deſtroyed altogether, the cities had no opportunity of becoming entirely independent. They became, however, ſo conſiderable that the ſovereign could impoſe no tax upon them, beſides the ſtated farm-rent of the town, without their own conſent. They were, therefore, called upon to ſend deputies to the general aſſembly of the ſtates of the kingdom, where they might join with the clergy and the barons in granting, upon urgent occaſions, ſome extraordinary aid to the king. Being generally too more favourable to his power, their deputies ſeem, ſometimes, to have been employed by him as a counter-balance in thoſe aſſemblies to the authority

* See Pfeffel.

of

of the great lords. Hence the origin of the repreſentation of burghs in the ſtates general of all the great monarchies in Europe.

ORDER and good government, and along with them the liberty and ſecurity of individuals, were, in this manner, eſtabliſhed in cities at a time when the occupiers of land in the country were expoſed to every ſort of violence. But men in this defenceleſs ſtate naturally content themſelves with their neceſſary ſubſiſtence; becauſe to acquire more might only tempt the injuſtice of their oppreſſors. On the contrary, when they are ſecure of enjoying the fruits of their induſtry, they naturally exert it to better their condition, and to acquire not only the neceſſaries, but the conveniencies and elegancies of life. That induſtry, therefore, which aims at ſomething more than neceſſary ſubſiſtence, was eſtabliſhed in cities long before it was commonly practiſed by the occupiers of land in the country. If in the hands of a poor cultivator, oppreſſed with the ſervitude of villanage, ſome little ſtock ſhould accumulate, he would naturally conceal it with great care from his maſter, to whom it would otherwiſe have belonged, and take the firſt opportunity of running away to a town. The law was at that time ſo indulgent to the inhabitants of towns, and ſo deſirous of diminiſhing the authority of the lords over thoſe of the country, that if he could conceal himſelf there from the purſuit of his lord for a year, he was free for ever. Whatever ſtock therefore, accumulated in the hands of the induſtrious part of the inhabitants of the country, naturally took refuge in cities, as the only ſanctuaries in which it could be ſecure to the perſon that acquired it.

THE inhabitants of a city, it is true, muſt always ultimately derive their ſubſiſtence, and the whole materials and means of their induſtry from the country. But thoſe of a city, ſituated near either the ſea-coaſt or the banks of a navigable river, are not neceſſarily confined to derive them from the country in their neighbourhood. They have a much wider range, and may draw them from the moſt remote corners of the world, either in exchange for the manufactured produce of their own induſtry, or by performing the office of carriers between diſtant countries, and exchanging the produce of one for that of another. A city might in this manner

manner grow up to great wealth and ſplendor, while not only the country in its neighbourhood, but all thoſe to which it traded, were in poverty and wretchedneſs. Each of thoſe countries, perhaps, taken ſingly, could afford it but a ſmall part, either of its ſubſiſtence, or of its employment; but all of them taken together could afford it both a great ſubſiſtence and a great employment. There were, however, within the narrow circle of the commerce of thoſe times, ſome countries that were opulent and induſtrious. Such was the Greek empire as long as it ſubſiſted, and that of the Saracens during the reigns of the Abaſſides. Such too was Egypt till it was conquered by the Turks, ſome part of the coaſt of Barbary, and all thoſe provinces of Spain which were under the government of the Moors.

THE cities of Italy ſeem to have been the firſt in Europe which were raiſed by commerce to any conſiderable degree of opulence. Italy lay in the center of what was at that time the improved and civilized part of the world. The cruzades too, though by the great waſte of ſtock and deſtruction of inhabitants which they occaſioned, they muſt neceſſarily have retarded the progreſs of the greater part of Europe, were extremely favourable to that of ſome Italian cities. The great armies which marched from all parts to the conqueſt of the Holy Land, gave extraordinary encouragement to the ſhipping of Venice, Genoa, and Piſa, ſometimes in tranſporting them thither, and always in ſupplying them with proviſions. They were the commiſſaries, if one may ſay ſo, of thoſe armies; and the moſt deſtructive frenzy that ever befel the European nations, was a ſource of opulence to thoſe republics.

THE inhabitants of trading cities, by importing the improved manufactures and expenſive luxuries of richer countries, afforded ſome food to the vanity of the great proprietors, who eagerly purchaſed them with great quantities of the rude produce of their own lands. The commerce of a great part of Europe in thoſe times accordingly, conſiſted chiefly in the exchange of their own rude, for the manufactured produce of more civilized nations. Thus the wool of England uſed to be exchanged for the wines of France, and the fine cloths of Flanders, in the ſame manner as the corn of Poland is at this day exchanged for the wines and brandies

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brandies of France, and for the silks and velvets of France and Italy.

A TASTE for the finer and more improved manufactures, was in this manner introduced by foreign commerce into countries where no such works were carried on. But when this taste became so general as to occasion a considerable demand, the merchants, in order to save the expence of carriage, naturally endeavoured to establish some manufactures of the same kind in their own country. Hence the origin of the first manufactures for distant sale that seem to have been established in the western provinces of Europe, after the fall of the Roman empire.

No large country, it must be observed, ever did or could subsist without some sort of manufactures being carried on in it; and when it is said of any such country that it has no manufactures, it must always be understood of the finer and more improved, or of such as are fit for distant sale. In every large country, both the cloathing and household furniture of the far greater part of the people, are the produce of their own industry. This is even more universally the case in those poor countries which are commonly said to have no manufactures, than in those rich ones that are said to abound in them. In the latter, you will generally find, both in the cloaths and household furniture of the lowest rank of people, a much greater proportion of foreign productions than in the former.

THOSE manufactures which are fit for distant sale, seem to have been introduced into different countries in two different ways.

SOMETIMES they have been introduced, in the manner abovementioned, by the violent operation, if one may say so, of the stocks of particular merchants and undertakers, who established them in imitation of some foreign manufactures of the same kind. Such manufactures, therefore, are the offspring of foreign commerce, and such seem to have been the antient manufactures of silks, velvets, and brocades, which flourished in Lucca during the thirteenth century. They were banished from thence by the tyranny of one of Machiavel's heroes, Castruccio Castracani. In 1310, nine

hundred families were driven out of Lucca, of whom thirty-one retired to Venice, and offered to introduce there the silk manufacture *. Their offer was accepted; many privileges were conferred upon them, and they began the manufacture with three hundred workmen. Such too seem to have been the manufactures of fine cloths that antiently flourished in Flanders, and which were introduced into England in the beginning of the reign of Elizabeth; and such are the present silk manufactures of Lyons and Spital-fields. Manufactures introduced in this manner are generally employed upon foreign materials, being imitations of foreign manufactures. When the Venetian manufacture was first established, the materials were all brought from Sicily and the Levant. The more antient manufacture of Lucca was likewise carried on with foreign materials. The cultivation of mulberry trees, and the breeding of silk worms, seem not to have been common in the northern parts of Italy before the sixteenth century. Those arts were not introduced into France till the reign of Charles IX. The manufactures of Flanders were carried on chiefly with Spanish and English wool. Spanish wool was the material, not of the first woollen manufacture of England, but of the first that was fit for distant sale. More than one half the materials of the Lyons manufacture is at this day foreign silk; when it was first established, the whole or very nearly the whole was so. No part of the materials of the Spital-fields manufacture is ever likely to be the produce of England. The seat of such manufactures, as they are generally introduced by the scheme and project of a few individuals, is sometimes established in a maritime city, and sometimes in an inland town, according as their interest, judgment or caprice happen to determine.

At other times manufactures for distant sale grow up naturally, and as it were of their own accord, by the gradual refinement of those household and coarser manufactures which must at all times be carried on even in the poorest and rudest countries. Such manufactures are generally employed upon the materials which the country produces, and they seem frequently to have been first refined and improved in such inland countries as were, not indeed at a very great, but at a considerable distance from the sea coast, and sometimes even from

* See Sandi Istoria Civile de Vinezia, Part 2. vol. I. page 247, and 256.

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from all water carriage. An inland country naturally fertile and eaſily cultivated, produces a great ſurplus of proviſions beyond what is neceſſary for maintaining the cultivators, and on account of the expence of land carriage, and inconveniency of river navigation, it may frequently be difficult to ſend this ſurplus abroad. Abundance, therefore, renders proviſions cheap, and encourages a great number of workmen to ſettle in the neighbourhood, who find that their induſtry can there procure them more of the neceſſaries and conveniencies of life than in other places. They work up the materials of manufacture which the land produces, and exchange their finiſhed work, or what is the ſame thing the price of it, for more materials and proviſions. They give a new value to the ſurplus part of the rude produce, by ſaving the expence of carrying it to the water ſide, or to ſome diſtant market; and they furniſh the cultivators with ſomething in exchange for it that is either uſeful or agreeable to them, upon eaſier terms than they could have obtained it before. The cultivators get a better price for their ſurplus produce, and can purchaſe cheaper other conveniencies which they have occaſion for. They are thus both encouraged and enabled to increaſe this ſurplus produce by a further improvement and better cultivation of the land; and as the fertility of the land had given birth to the manufacture, ſo the progreſs of the manufacture re-acts upon the land, and increaſes ſtill further its fertility. The manufacturers firſt ſupply the neighbourhood, and afterwards, as their work improves and refines, more diſtant markets. For though neither the rude produce, nor even the coarſe manufacture, could, without the greateſt difficulty, ſupport the expence of a conſiderable land carriage, the refined and improved manufacture eaſily may. In a ſmall bulk it frequently contains the price of a great quantity of rude produce. A piece of fine cloth, for example, which weighs only eighty pounds, contains in it, the price, not only of eighty pounds weight of wool, but ſometimes of ſeveral thouſand weight of corn, the maintenance of the different working people, and of their immediate employers. The corn, which could with difficulty have been carried abroad in its own ſhape, is in this manner virtually exported in that of the complete manufacture, and may eaſily be ſent to the remoteſt corners of the world. In this manner have grown up naturally, and as it were of their own accord, the manufactures of Leeds, Halifax, Sheffield, Birmingham, and

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Wolverhampton. Such manufactures are the offspring of agriculture. In the modern history of Europe, their extension and improvement have generally been posterior to those which were the offspring of foreign commerce. England was noted for the manufacture of fine cloths made of Spanish wool, more than a century before any of those which now flourish in the places above mentioned were fit for foreign sale. The extension and improvement of these last could not take place but in consequence of the extension and improvement of agriculture, the last and greatest effect of foreign commerce, and of the manufactures immediately introduced by it, and which I shall now proceed to explain.

CHAP.

CHAP. IV.

How the Commerce of the Towns contributed to the Improvement of the Country.

THE increaſe and riches of commercial and manufacturing towns, contributed to the improvement and cultivation of the countries to which they belonged, in three different ways.

FIRST, by affording a great and ready market for the rude produce of the country, they gave encouragement to its cultivation and further improvement. This benefit was not even confined to the countries in which they were ſituated, but extended more or leſs to all thoſe with which they had any dealings. To all of them they afforded a market for ſome part either of their rude or manufactured produce, and conſequently gave ſome encouragement to the induſtry and improvement of all. Their own country, however, on account of its neighbourhood, neceſſarily derived the greateſt benefit from this market. Its rude produce being charged with leſs carriage, the traders could pay the growers a better price for it, and yet afford it as cheap to the conſumers as that of more diſtant countries.

SECONDLY, the wealth acquired by the inhabitants of cities was frequently employed in purchaſing ſuch lands as were to be ſold, of which a great part would frequently be uncultivated. Merchants are commonly ambitious of becoming country gentlemen, and when they do, they are generally the beſt of all improvers. A merchant is accuſtomed to employ his money chiefly in profitable projects; whereas a mere country gentleman is accuſtomed to employ it chiefly in expence. The one often ſees his money go from him and return to him again with a profit: the other, when once he parts with it, very ſeldom expects to ſee any more of it. Thoſe different habits naturally affect their temper and diſpoſition in every ſort of buſineſs. A merchant is commonly a bold;

a bold; a country gentleman, a timid undertaker. The one is not afraid to lay out at once a large capital upon the improvement of his land, when he has a probable prospect of raising the value of it in proportion to the expence. The other, if he has any capital, which is not always the case, seldom ventures to employ it in this manner. If he improves at all, it is commonly not with a capital, but with what he can save out of his annual revenue. Whoever has had the fortune to live in a mercantile town situated in an unimproved country, must have frequently observed how much more spirited the operations of merchants were in this way, than those of mere country gentlemen. The habits, besides, of order, œconomy and attention, to which mercantile business naturally forms a merchant, render him much fitter to execute, with profit and success, any project of improvement.

THIRDLY, and lastly, commerce and manufactures gradually introduced order and good government, and with them, the liberty and security of individuals, among the inhabitants of the country, who had before lived almost in a continual state of war with their neighbours, and of servile dependency upon their superiors. This, though it has been the least observed, is by far the most important of all their effects. Mr. Hume is the only writer who, so far as I know, has hitherto taken notice of it.

IN a country which has neither foreign commerce, nor any of the finer manufactures, a great proprietor, having nothing for which he can exchange the greater part of the produce of his lands which is over and above the maintenance of the cultivators, consumes the whole in rustic hospitality at home. If this surplus produce is sufficient to maintain a hundred or a thousand men, he can make use of it in no other way than by maintaining a hundred or a thousand men. He is at all times, therefore, surrounded with a multitude of retainers and dependants, who having no equivalent to give in return for their maintenance, but being fed entirely by his bounty, must obey him, for the same reason that soldiers must obey the prince who pays them. Before the extension of commerce and manufactures in Europe, the hospitality of the rich and the great, from the sovereign down to the smallest baron, exceeded every thing which in the present times we can easily form a notion of. Westminster-hall was the dining-room of William

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William Rufus, and might frequently, perhaps, not be too large for his company. It was reckoned a piece of magnificence in Thomas Becket, that he ſtrowed the floor of his hall with clean hay or ruſhes in the ſeaſon, in order that the knights and ſquires, who could not get ſeats, might not ſpoil their fine cloaths when they ſat down on the floor to eat their dinner. The great earl of Warwick is ſaid to have entertained every day at his different manors, thirty thouſand people; and though the number here may have been exaggerated, it muſt, however, have been very great to admit of ſuch exaggeration. A hoſpitality nearly of the ſame kind was exerciſed not many years ago in many different parts of the highlands of Scotland. It ſeems to be common in all nations to whom commerce and manufactures are little known. I have ſeen, ſays Doctor Pocock, an Arabian chief dine in the ſtreets of a town where he had come to ſell his cattle, and invite all paſſengers, even common beggars, to ſit down with him and partake of his banquet.

THE occupiers of land were in every reſpect as dependent upon the great proprietor as his retainers. Even ſuch of them as were not in a ſtate of villanage, were tenants at will, who paid a rent in no reſpect equivalent to the ſubſiſtence which the land afforded them. A crown, half a crown, a ſheep, a lamb, was ſome years ago in the highlands of Scotland a common rent for lands which maintained a family. In ſome places it is ſo at this day; nor will money at preſent purchaſe a greater quantity of commodities there than in other places. In a country where the ſurplus produce of a large eſtate muſt be conſumed upon the eſtate itſelf, it will frequently be more convenient for the proprietor, that part of it be conſumed at a diſtance from his own houſe, provided they who conſume it are as dependent upon him as either his retainers or his menial ſervants. He is thereby ſaved from the embarraſſment of either too large a company or too large a family. A tenant at will, who poſſeſſes land ſufficient to maintain his family for little more than a quit-rent, is as dependent upon the proprietor as any ſervant or retainer whatever, and muſt obey him with as little reſerve. Such a proprietor, as he feeds his ſervants and retainers at his own houſe, ſo he feeds his tenants at their houſes. The ſubſiſtence of both is derived from his bounty, and its continuance depends upon his good pleaſure.

UPON

Upon the authority which the great proprietors neceſſarily had in ſuch a ſtate of things over their tenants and retainers, was founded the power of the antient barons. They neceſſarily became the judges in peace, and the leaders in war, of all who dwelt upon their eſtates. They could maintain order and execute the law within their reſpective demeſnes, becauſe each of them could there turn the whole force of all the inhabitants againſt the injuſtice of any one. No other perſon had ſufficient authority to do this. The king in particular had not. In thoſe antient times he was little more than the greateſt proprietor in his dominions, to whom, for the ſake of common defence againſt their common enemies, the other great proprietors paid certain reſpects. To have enforced payment of a ſmall debt within the lands of a great proprietor, where all the inhabitants were armed and accuſtomed to ſtand by one another, would have coſt the king, had he attempted it by his own authority, almoſt the ſame effort as to extinguiſh a civil war. He was, therefore, obliged to abandon the adminiſtration of juſtice through the greater part of the country, to thoſe who were capable of adminiſtering it; and for the ſame reaſon to leave the command of the country militia to thoſe whom that militia would obey.

It is a miſtake to imagine that thoſe territorial juriſdictions took their origin from the feudal law. Not only the higheſt juriſdictions both civil and criminal, but the power of levying troops, of coining money, and even that of making bye-laws for the government of their own people, were all rights poſſeſſed allodially by the great proprietors of land ſeveral centuries before even the name of the feudal law was known in Europe. The authority and juriſdiction of the Saxon lords in England, appear to have been as great before the conqueſt, as that of any of the Norman lords after it. But the feudal law is not ſuppoſed to have become the common law of England till after the conqueſt. That the moſt extenſive authority and juriſdictions were poſſeſſed by the great lords in France allodially, long before the feudal law was introduced into that country, is a matter of fact that admits of no doubt. That authority and thoſe juriſdictions all neceſſarily flowed from the ſtate of property and manners juſt now deſcribed. Without remounting to the remote antiquities of either the French or Engliſh monarchies, we may find in much

much later times many proofs that ſuch effects muſt always flow from ſuch cauſes. It is not thirty years ago ſince Mr. Cameron of Lochiel, a gentleman of Lochabar in Scotland, without any legal warrant whatever, not being what was then called a lord of regality, nor even a tenant in chief, but a vaſſal of the duke of Argyle, and without being ſo much as a juſtice of peace, uſed, notwithſtanding, to exerciſe the higheſt criminal juriſdiction over his own people. He is ſaid to have done ſo with great equity, though without any of the formalities of juſtice; and it is not improbable that the ſtate of that part of the country at that time made it neceſſary for him to aſſume this authority in order to maintain the public peace. That gentleman, whoſe rent never exceeded five hundred pounds a year, carried, in 1745, eight hundred of his own people into the rebellion with him.

THE introduction of the feudal law, ſo far from extending, may be regarded as an attempt to moderate the authority of the great allodial lords. It eſtabliſhed a regular ſubordination, accompanied with a long train of ſervices and duties, from the king down to the ſmalleſt proprietor. During the minority of the proprietor, the rent, together with the management of his lands, fell into the hands of his immediate ſuperior, and, conſequently, thoſe of all great proprietors into the hands of the king who was charged with the maintenance and education of the pupil, and who, from his authority as guardian, was ſuppoſed to have a right of diſpoſing of him in marriage, provided it was in a manner not unſuitable to his rank. But though this inſtitution neceſſarily tended to ſtrengthen the authority of the king, and to weaken that of the great proprietors, it could not do either ſufficiently for eſtabliſhing order and good government among the inhabitants of the country; becauſe it could not alter ſufficiently that ſtate of property and manners from which the diſorders aroſe. The authority of government ſtill continued to be, as before, too weak in the head and too ſtrong in the inferior members, and the exceſſive ſtrength of the inferior members was the cauſe of the weakneſs of the head. After the inſtitution of feudal ſubordination, the king was as incapable of reſtraining the violence of the great lords as before. They ſtill continued to make war according to their own diſcretion, almoſt continually upon one another, and very frequently upon the king; and the open country

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ſtill continued to be a ſcene of violence, rapine, and diſorder.

BUT what all the violence of the feudal inſtitutions could never have effected, the ſilent and inſenſible operation of foreign commerce and manufactures gradually brought about. Theſe gradually furniſhed the great proprietors with ſomething for which they could exchange the whole ſurplus produce of their lands, and which they could conſume themſelves without ſharing it either with tenants or retainers. All for ourſelves, and nothing for other people, ſeems, in every age of the world, to have been the vile maxim of the maſters of mankind. As ſoon, therefore, as they could find a method of conſuming the whole value of their rents themſelves, they had no diſpoſition to ſhare them with any other perſons. For a pair of diamond buckles perhaps, or for ſomething as frivolous and uſeleſs, they exchanged the maintenance, or what is the ſame thing, the price of the maintenance of a thouſand men for a year, and with it the whole weight and authority which it could give them. The buckles, however, were to be all their own, and no other human creature was to have any ſhare of them; whereas in the more antient method of expence they muſt have ſhared with at leaſt a thouſand people. With the judges that were to determine the preference, this difference was perfectly deciſive; and thus, for the gratification of the moſt childiſh, the meaneſt and the moſt ſordid of all vanities, they gradually bartered their whole power and authority.

IN a country where there is no foreign commerce, nor any of the finer manufactures, a man of ten thouſand a year cannot well employ his revenue in any other way than in maintaining perhaps a thouſand families, who are all of them neceſſarily at his command. In the preſent ſtate of Europe, a man of ten thouſand a year can ſpend his whole revenue, and he generally does ſo, without directly maintaining twenty people, or being able to command more than ten footmen not worth the commanding. Indirectly, perhaps, he maintains as great or even a greater number of people than he could have done by the antient method of expence. For though the quantity of precious productions for which he exchanges his whole revenue be very ſmall, the number of workmen employed in collecting and preparing it, muſt neceſſarily

neceſſarily have been very great. Its great price generally ariſes from the wages of their labour, and the profits of all their immediate employers. By paying that price he indirectly pays all thoſe wages and profits, and thus indirectly contributes to the maintenance of all the workmen and their employers. He generally contributes, however, but a very ſmall proportion to that of each, to very few perhaps a tenth, to many not a hundredth, and to ſome not a thouſandth, nor even a ten thouſandth part of their whole annual maintenance. Though he contributes, therefore, to the maintenance of them all, they are all more or leſs independent of him, becauſe generally they can all be maintained without him.

When the great proprietors of land ſpend their rents in maintaining their tenants and retainers, each of them maintains entirely all his own tenants and all his own retainers. But when they ſpend them in maintaining tradeſmen and artificers, they may, all of them taken together, perhaps, maintain as great, or, on account of the waſte which attends ruſtic hoſpitality, a greater number of people than before. Each of them, however, taken ſingly, contributes often but a very ſmall ſhare to the maintenance of any individual of this greater number. Each tradeſman or artificer derives his ſubſiſtence from the employment, not of one, but of a hundred or a thouſand different cuſtomers. Though in ſome meaſure obliged to them all, therefore, he is not abſolutely dependent upon any one of them.

The perſonal expence of the great proprietors having in this manner gradually increaſed, it was impoſſible that the number of their retainers ſhould not as gradually diminiſh, till they were at laſt diſmiſſed altogether. The ſame cauſe gradually led them to diſmiſs the unneceſſary part of their tenants. Farms were enlarged, and the occupiers of land, notwithſtanding the complaints of depopulation, reduced to the number neceſſary for cultivating it, according to the imperfect ſtate of cultivation and improvement in thoſe times. By the removal of the unneceſſary mouths, and by exacting from the farmer the full value of the farm, a greater ſurplus, or what is the ſame thing, the price of a greater ſurplus, was obtained for the proprietor, which the merchants and manufacturers ſoon furniſhed him with a method of ſpending upon his

his own perſon in the ſame manner as he had done the reſt. The ſame cauſe continuing to operate, he was deſirous to raiſe his rents above what his lands, in the actual ſtate of their improvement, could afford. His tenants could agree to this upon one condition only, that they ſhould be ſecured in their poſſeſſion, for ſuch a term of years as might give them time to recover with profit whatever they ſhould lay out in the further improvement of the land. The expenſive vanity of the landlord made him willing to accept of this condition; and hence the origin of long leaſes.

EVEN a tenant at will, who pays the full value of the land, is not altogether dependent upon the landlord. The pecuniary advantages which they receive from one another, are mutual and equal, and ſuch a tenant will expoſe neither his life nor his fortune in the ſervice of the proprietor. But if he has a leaſe for a long term of years, he is altogether independent; and his landlord muſt not expect from him even the moſt trifling ſervice beyond what is either expreſsly ſtipulated in the leaſe, or impoſed upon him by the common and known law of the country.

THE tenants having in this manner become independent, and the retainers being diſmiſſed, the great proprietors were no longer capable of interrupting the regular execution of juſtice, or of diſturbing the peace of the country. Having ſold their birth-right, not like Eſau for a meſs of pottage in time of hunger and neceſſity, but in the wantonneſs of plenty, for trinkets and baubles, fitter to be the play-things of children than the ſerious purſuits of men, they became as inſignificant as any ſubſtantial burgher or tradeſman in a city. A regular government was eſtabliſhed in the country as well as in the city, nobody having ſufficient power to diſturb its operations in the one, any more than in the other.

IT does not, perhaps, relate to the preſent ſubject, but I cannot help remarking it, that very old families, ſuch as have poſſeſſed ſome conſiderable eſtate from father to ſon for many ſucceſſive generations, are very rare in commercial countries. In countries which have little commerce, on the contrary, ſuch as Wales or the highlands of Scotland, they are very common. The Arabian hiſtories ſeem to be all full of

of genealogies, and there is a hiſtory written by a Tartar Khan, which has been tranſlated into ſeveral European languages, and which contains ſcarce any thing elſe; a proof that antient families are very common among thoſe nations. In countries where a rich man can ſpend his revenue in no other way than by maintaining as many people as it can maintain, he is not apt to run out, and his benevolence it ſeems is ſeldom ſo violent as to attempt to maintain more than he can afford. But where he can ſpend the greateſt revenue upon his own perſon, he frequently has no bounds to his expence, becauſe he frequently has no bounds to his vanity, or to his affection for his own perſon. In commercial countries, therefore, riches, in ſpite of the moſt violent regulations of law to prevent their diſſipation, very ſeldom remain long in the ſame family. Among ſimple nations, on the contrary, they frequently do without any regulations of law; for among nations of ſhepherds, ſuch as the Tartars and Arabs, the conſumable nature of their property neceſſarily renders all ſuch regulations impoſſible.

A REVOLUTION of the greateſt importance to the public happineſs, was in this manner brought about by two different orders of people, who had not the leaſt intention to ſerve the public. To gratify the moſt childiſh vanity was the ſole motive of the great proprietors. The merchants and artificers, much leſs ridiculous, acted merely from a view to their own intereſt, and in purſuit of their own pedlar principle of turning a penny wherever a penny was to be got. Neither of them had either knowledge or foreſight of that great revolution which the folly of the one, and the induſtry of the other, was gradually bringing about.

IT is thus that through the greater part of Europe the commerce and manufactures of cities, inſtead of being the effect, have been the cauſe and occaſion of the improvement and cultivation of the country.

THIS order, however, being contrary to the natural courſe of things, is neceſſarily both ſlow and uncertain. Compare the ſlow progreſs of thoſe European countries of which the wealth depends very much upon their commerce and manufactures, with the rapid advances of our North American colonies,

colonies, of which the wealth is founded altogether in agriculture. Through the greater part of Europe, the number of inhabitants is not ſuppoſed to double in leſs than five hundred years. In ſeveral of our North American colonies, it is found to double in twenty or five-and-twenty years. In Europe, the law of primogeniture, and perpetuities of different kinds, prevent the diviſion of great eſtates, and thereby hinder the multiplication of ſmall proprietors. A ſmall proprietor, however, who knows every part of his little territory, who views it with all the affection which property, eſpecially ſmall property, naturally inſpires, and who upon that account takes pleaſure not only in cultivating but in adorning it, is generally of all improvers the moſt induſtrious, the moſt intelligent, and the moſt ſucceſsful. The ſame regulations, beſides, keep ſo much land out of the market, that there are always more capitals to buy than there is land to ſell, ſo that what is ſold always ſells at a monopoly price. The rent never pays the intereſt of the purchaſe-money, and is beſides burdened with repairs and other occaſional charges, to which the intereſt of money is not liable. To purchaſe land is every where in Europe a moſt unprofitable employment of a ſmall capital. For the ſake of the ſuperior ſecurity, indeed, a man of moderate circumſtances, when he retires from buſineſs, will ſometimes chuſe to lay out his little capital in land. A man of profeſſion too, whoſe revenue is derived from another ſource, often loves to ſecure his ſavings in the ſame way. But a young man, who, inſtead of applying to trade or to ſome profeſſion, ſhould employ a capital of two or three thouſand pounds in the purchaſe and cultivation of a ſmall piece of land, might indeed expect to live very happily, and very independently, but muſt bid adieu, for ever, to all hope of either great fortune or great illuſtration, which by a different employment of his ſtock he might have had the ſame chance of acquiring with other people. Such a perſon too, though he cannot aſpire at being a proprietor, will often diſdain to be a farmer. The ſmall quantity of land, therefore, which is brought to market, and the high price of what is brought thither, prevents a great number of capitals from being employed in its cultivation and improvement which would otherwiſe have taken that direction. In North America, on the contrary, fifty or ſixty pounds is often found a ſufficient ſtock to begin a plantation with. The purchaſe and improvement of uncultivated

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cultivated land, is there the moſt profitable employment of the ſmalleſt as well as of the greateſt capitals, and the moſt direct road to all the fortune and illuſtration which can be acquired in that country. Such land, indeed, is in North America to be had almoſt for nothing, or at a price much below the value of the natural produce; a thing impoſſible in Europe, or, indeed, in any country where all lands have long been private property. If landed eſtates, however, were divided equally among all the children, upon the death of any proprietor who left a numerous family, the eſtate would generally be ſold. So much land would come to market, that it could no longer ſell at a monopoly price. The free rent of the land would go nearer to pay the intereſt of the purchaſe-money, and a ſmall capital might be employed in purchaſing land as profitably as in any other way.

ENGLAND, on account of the natural fertility of the ſoil, of the great extent of the ſea-coaſt in proportion to that of the whole country, and of the many navigable rivers which run through it, and afford the conveniency of water carriage to ſome of the moſt inland parts of it, is perhaps as well fitted by nature as any large country in Europe, to be the ſeat of foreign commerce, of manufactures for diſtant ſale, and of all the improvements which theſe can occaſion. From the beginning of the reign of Elizabeth too, the Engliſh legiſlature has been peculiarly attentive to the intereſts of commerce and manufactures, and in reality there is no country in Europe, Holland itſelf not excepted, of which the law is, upon the whole, more favourable to this ſort of induſtry. Commerce and manufactures have accordingly been continually advancing during all this period. The cultivation and improvement of the country has, no doubt, been gradually advancing too: But it ſeems to have followed ſlowly, and at a diſtance, the more rapid progreſs of commerce and manufactures. The greater part of the country muſt probably have been cultivated before the reign of Elizabeth; and a very great part of it ſtill remains uncultivated, and the cultivation of the far greater part, much inferior to what it might be. The law of England, however, favours agriculture not only indirectly by the protection of commerce, but by ſeveral direct encouragements. Except in times of ſcarcity, the exportation of corn is not only free, but

but encouraged by a bounty. In times of moderate plenty, the importation of foreign corn is loaded with duties that amount to a prohibition. The importation of live cattle, except from Ireland, is prohibited at all times, and it is but of late that it was permitted from thence. Thoſe who cultivate the land, therefore, have a monopoly againſt their countrymen for the two greateſt and moſt important articles of land produce, bread and butcher's meat. Theſe encouragements, though at bottom, perhaps, as I ſhall endeavour to ſhow hereafter, altogether illuſory, ſufficiently demonſtrate at leaſt the good intention of the legiſlature to favour agriculture. But what is of much more importance than all of them, the yeomanry of England are rendered as ſecure, as independent, and as reſpectable as law can make them. No country, therefore, in which the right of primogeniture takes place, which pays tithes, and where perpetuities, though contrary to the ſpirit of the law, are admitted in ſome caſes, can give more encouragement to agriculture than England. Such, however, notwithſtanding, is the ſtate of its cultivation. What would it have been, had the law given no direct encouragement to agriculture beſides what ariſes indirectly from the progreſs of commerce, and had left the yeomanry in the ſame condition as in moſt other countries of Europe? It is now more than two hundred years ſince the beginning of the reign of Elizabeth, a period as long as the courſe of human proſperity uſually endures.

France ſeems to have had a conſiderable ſhare of foreign commerce near a century before England was diſtinguiſhed as a commercial country. The marine of France was conſiderable, according to the notions of the times, before the expedition of Charles the VIIIth to Naples. The cultivation and improvement of France, however, is, upon the whole, inferior to that of England. The law of the country has never given the ſame direct encouragement to agriculture.

The foreign commerce of Spain and Portugal to the other parts of Europe, though chiefly carried on in foreign ſhips, is very conſiderable. That to their colonies is carried on in their own, and is much greater, on account of the great riches and extent of thoſe colonies. But it has never introduced

duced any conſiderable manufactures for diſtant ſale into either of thoſe countries, and the greater part of both ſtill remains uncultivated. The foreign commerce of Portugal is of older ſtanding than that of any great country in Europe, except Italy.

ITALY is the only great country of Europe which ſeems to have been cultivated and improved in every part, by means of foreign commerce and manufactures for diſtant ſale. Before the invaſion of Charles the VIIIth, Italy, according to Guicciardin, was cultivated not leſs in the moſt mountainous and barren parts of the country, than in the plaineſt and moſt fertile. The advantageous ſituation of the country, and the great number of independent ſtates which at that time ſubſiſted in it, probably contributed not a little to this general cultivation. It is not impoſſible too, notwithſtanding this general expreſſion of one of the moſt judicious and reſerved of modern hiſtorians, that Italy was not at that time better cultivated than England is at preſent.

THE capital, however, that is acquired to any country by commerce and manufactures, is all a very precarious and uncertain poſſeſſion, till ſome part of it has been ſecured and realized in the cultivation and improvement of its lands. A merchant, it has been ſaid very properly, is not neceſſarily the citizen of any particular country. It is in a great meaſure indifferent to him from what place he carries on his trade; and a very trifling diſguſt will make him remove his capital, and together with it all the induſtry which it ſupports, from one country to another. No part of it can be ſaid to belong to any particular country, till it has been ſpread as it were over the face of that country, either in buildings, or in the laſting improvement of lands. No veſtige now remains of the great wealth, ſaid to have been poſſeſſed by the greater part of the Hans towns, except in the obſcure hiſtories of the thirteenth and fourteenth centuries. It is even uncertain where ſome of them were ſituated, or to what towns in Europe the Latin names given to ſome of them belong. But though the misfortunes of Italy in the end of the fifteenth and beginning of the ſixteenth centuries greatly diminiſhed the commerce and manufactures of the cities of Lombardy and Tuſcany, thoſe countries ſtill continue to be among the moſt populous and beſt cultivated in Europe.

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The civil wars of Flanders, and the Spaniſh government which ſucceeded them, chaſed away the great commerce of Antwerp, Ghent, and Bruges. But Flanders ſtill continues to be one of the richeſt, beſt cultivated, and moſt populous provinces of Europe. The ordinary revolutions of war and government eaſily dry up the ſources of that wealth which ariſes from commerce only. That which ariſes from the more ſolid improvements of agriculture, is much more durable, and cannot be deſtroyed but by thoſe more violent convulſions occaſioned by the depredations of hoſtile and barbarous nations continued for a century or two together; ſuch as thoſe that happened for ſome time before and after the fall of the Roman empire in the weſtern provinces of Europe.

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BOOK IV.

Of Syſtems of political Oeconomy.

INTRODUCTION.

POLITICAL œconomy, conſidered as a branch of the ſcience of a ſtateſman or legiſlator, propoſes two diſtinct objects; firſt, to provide a plentiful revenue or ſubſiſtence for the people, or more properly to enable them to provide ſuch a revenue or ſubſiſtence for themſelves; and ſecondly, to ſupply the ſtate or commonwealth with a revenue ſufficient for the public ſervices. It propoſes to enrich both the people and the ſovereign.

THE different progreſs of opulence in different ages and nations, has given occaſion to two different ſyſtems of political œconomy, with regard to enriching the people. The one may be called the ſyſtem of commerce, the other that of agriculture. I ſhall endeavour to explain both as fully and diſtinctly as I can, and ſhall begin with the ſyſtem of commerce. It is the modern ſyſtem, and is beſt underſtood in our own country and in our own times.

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MINISTRY OF CULTURE · GOVERNMENT OF INDIA

CSL

CHAP. I.

Of the Principle of the commercial, or mercantile Syſtem.

THAT wealth conſiſts in money, or in gold and ſilver, is a popular notion which naturally ariſes from the double function of money, as the inſtrument of commerce, and as the meaſure of value. In conſequence of its being the inſtrument of commerce, when we have money we can more readily obtain whatever elſe we have occaſion for, than by means of any other commodity. The great affair, we always find, is to get money. When that is obtained, there is no difficulty in making any ſubſequent purchaſe. In conſequence of its being the meaſure of value, we eſtimate that of all other commodities by the quantity of money which they will exchange for. We ſay of a rich man that he is worth a great deal, and of a poor man that he is worth very little money. A frugal man, or a man eager to be rich, is ſaid to love money; and a careleſs, a generous, or a profuſe man, is ſaid to be indifferent about it. To grow rich is to get money; and wealth and money, in ſhort, are, in common language, conſidered as in every reſpect ſynonymous.

A RICH country, in the ſame manner as a rich man, is ſuppoſed to be a country abounding in money; and to heap up gold and ſilver in any country is ſuppoſed to be the readieſt way to enrich it. For ſome time after the diſcovery of America, the firſt enquiry of the Spaniards, when they arrived upon any unknown coaſt, uſed to be, if there was any gold or ſilver to be found in the neighbourhood? By the information which they received, they judged whether it was worth while to make a ſettlement there, or if the country was worth the conquering. Plano Carpino, a monk ſent ambaſſador from the king of France to one of the ſons of the famous Gengis Khan, ſays that the Tartars uſed frequently to aſk him, if there was plenty of ſheep and oxen

oxen in the kingdom of France? Their enquiry had the ſame object with that of the Spaniards. They wanted to know if the country was rich enough to be worth the conquering. Among the Tartars, as among all other nations of ſhepherds, who are generally ignorant of the uſe of money, cattle are the inſtruments of commerce and the meaſures of value. Wealth, therefore, according to them, conſiſted in cattle, as according to the Spaniards it conſiſted in gold and ſilver. Of the two, the Tartar notion, perhaps, was the neareſt to the truth.

MR. Locke remarks a diſtinction between money and other moveable goods. All other moveable goods, he ſays, are of ſo conſumable a nature that the wealth which conſiſts in them cannot be much depended on, and a nation which abounds in them one year may, without any exportation, but merely by their own waſte and extravagance, be in great want of them the next. Money, on the contrary, is a ſteady friend, which, though it may travel about from hand to hand, yet if it can be kept from going out of the country, is not very liable to be waſted and conſumed. Gold and ſilver, therefore, are, according to him, the moſt ſolid and ſubſtantial part of the moveable wealth of a nation, and to multiply thoſe metals ought, he thinks, upon that account, to be the great object of its political œconomy.

OTHERS admit that if a nation could be ſeparated from all the world, it would be of no conſequence how much, or how little money circulated in it. The conſumable goods which were circulated by means of this money, would only be exchanged for a greater or a ſmaller number of pieces; but the real wealth or poverty of the country, they allow, would depend altogether upon the abundance or ſcarcity of thoſe conſumable goods. But it is otherwiſe, they think, with countries which have connections with foreign nations, and which are obliged to carry on foreign wars, and to maintain fleets and armies in diſtant countries. This, they ſay, cannot be done, but by ſending abroad money to pay them with; and a nation cannot ſend much money abroad, unleſs it has a good deal at home. Every ſuch nation, therefore, muſt endeavour in time of peace to accumulate gold and ſilver, that, when occaſion requires, it may have wherewithal to carry on foreign wars.

In consequence of these popular notions, all the different nations of Europe have studied, though to little purpose, every possible means of accumulating gold and silver in their respective countries. Spain and Portugal, the proprietors of the principal mines which supply Europe with those metals, have either prohibited their exportation under the severest penalties, or subjected it to a considerable duty. The like prohibition seems antiently to have made a part of the policy of most other European nations. It is even to be found, where we should least of all expect to find it, in some old Scotch acts of parliament, which forbid under heavy penalties the carrying gold or silver *forth of the kingdom*. The like policy antiently took place both in France and England.

When those countries became commercial, the merchants found this prohibition, upon many occasions, extremely inconvenient. They could frequently buy more advantageously with gold and silver than with any other commodity, the foreign goods which they wanted, either to import into their own, or to carry to some other foreign country. They remonstrated, therefore, against this prohibition as hurtful to trade.

They represented, first, that the exportation of gold and silver in order to purchase foreign goods, did not always diminish the quantity of those metals in the kingdom. That, on the contrary, it might frequently increase that quantity; because, if the consumption of foreign goods was not thereby increased in the country, those goods might be re-exported to foreign countries, and being there sold for a large profit, might bring back much more treasure than was originally sent out to purchase them. Mr. Mun compares this operation of foreign trade to the seed-time and harvest of agriculture. "If we only behold," says he, "the actions of the "husbandman in the seed-time, when he casteth away much "good corn into the ground, we shall account him rather "a madman than a husbandman. But when we consider "his labours in the harvest, which is the end of his endea-"vours, we shall find the worth and plentiful increase of "his actions."

They represented, secondly, that this prohibition could not hinder the exportation of gold and silver, which, on account of the smallness of their bulk in proportion to their value,

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value, could eaſily be ſmuggled abroad. That this exportation could only be prevented by a proper attention to, what they called, the balance of trade. That when the country exported to a greater value than it imported, a balance became due to it from foreign nations, which was neceſſarily paid to it in gold and ſilver, and thereby increaſed the quantity of thoſe metals in the kingdom. But that when it imported to a greater value than it exported, a contrary balance became due to foreign nations, which was neceſſarily paid to them in the ſame manner, and thereby diminiſhed that quantity. That in this caſe to prohibit the exportation of thoſe metals could not prevent it, but only, by making it more dangerous, render it more expenſive. That the exchange was thereby turned more againſt the country which owed the balance, than it otherwiſe might have been; the merchant who purchaſed a bill upon the foreign country being obliged to pay the banker who ſold it, not only for the natural riſk, trouble and expence of ſending the money thither, but for the extraordinary riſk ariſing from the prohibition. But that the more the exchange was againſt any country, the more the balance of trade became neceſſarily againſt it; the money of that country becoming neceſſarily of ſo much leſs value, in compariſon with that of the country to which the balance was due. That if the exchange between England and Holland, for example, was five per cent. againſt England, it would require a hundred and five ounces of ſilver in England to purchaſe a bill for a hundred ounces of ſilver in Holland: that a hundred and five ounces of ſilver in England, therefore, would be worth only a hundred ounces of ſilver in Holland, and would purchaſe only a proportionable quantity of Dutch goods: but that a hundred ounces of ſilver in Holland, on the contrary, would be worth a hundred and five ounces in England, and would purchaſe a proportionable quantity of Engliſh goods: That the Engliſh goods which were ſold to Holland would be ſold ſo much cheaper; and the Dutch goods which were ſold to England, ſo much dearer by the difference of the exchange; that the one would draw ſo much leſs Dutch money to England, and the other ſo much more Engliſh money to Holland, as this difference amounted to: and that the balance of trade, therefore, would neceſſarily be ſo much more againſt England, and would require a greater balance of gold and ſilver to be exported to Holland.

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THOSE arguments were partly ſolid and partly ſophiſtical. They were ſolid ſo far as they aſſerted that the exportation of gold and ſilver in trade might frequently be advantageous to the country. They were ſolid too in aſſerting that no prohibition could prevent their exportation, when private people found any advantage in exporting them. But they were ſophiſtical in ſuppoſing, that either to preſerve or to augment the quantity of thoſe metals required more the attention of government, than to preſerve or to augment the quantity of any other uſeful commodities, which the freedom of trade, without any ſuch attention, never fails to ſupply in the proper quantity. They were ſophiſtical too, perhaps, in aſſerting that the high price of exchange neceſſarily increaſed, what they called, the unfavourable balance of trade, or occaſioned the exportation of a greater quantity of gold and ſilver. That high price, indeed, was extremely diſadvantageous to the merchants who had any money to pay in foreign countries. They paid ſo much dearer for the bills which their bankers granted them upon thoſe countries. But though the riſk ariſing from the prohibition might occaſion ſome extraordinary expence to the bankers, it would not neceſſarily carry any more money out of the country. This expence would generally be all laid out in the country, in ſmuggling the money out of it, and could ſeldom occaſion the exportation of a ſingle ſix-pence beyond the preciſe ſum drawn for. The high price of exchange too would naturally diſpoſe the merchants to endeavour to make their exports nearly balance their imports, in order that they might have this high exchange to pay upon as ſmall a ſum as poſſible. The high price of exchange, beſides, muſt neceſſarily have operated as a tax, in raiſing the price of foreign goods, and thereby diminiſhing their conſumption. It would tend, therefore, not to increaſe, but to diminiſh, what they called, the unfavourable balance of trade, and conſequently the exportation of gold and ſilver.

SUCH as they were, however, thoſe arguments convinced the people to whom they were addreſſed. They were addreſſed by merchants to parliaments, and to the councils of princes, to nobles and to country gentlemen; by thoſe who were ſuppoſed to underſtand trade, to thoſe who were conſcious to themſelves that they knew nothing about the matter. That foreign trade enriched the country, experience demonſtrated to the nobles and country gentlemen,

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gentlemen, as well as to the merchants; but how, or in what manner, none of them well knew. The merchants knew perfectly in what manner it enriched themſelves. It was their buſineſs to know it. But to know in what manner it enriched the country, was no part of their buſineſs. This ſubject never came into their conſideration, but when they had occaſion to apply to their country for ſome change in the laws relating to foreign trade. It then became neceſſary to ſay ſomething about the beneficial effects of foreign trade, and the manner in which thoſe effects were obſtructed by the laws as they then ſtood. To the judges who were to decide the buſineſs, it appeared a moſt ſatisfactory account of the matter, when they were told that foreign trade brought money into the country, but that the laws in queſtion hindered it from bringing ſo much as it otherwiſe would do. Thoſe arguments, therefore, produced the wiſhed-for effect. The prohibition of exporting gold and ſilver was in France and England confined to the coin of thoſe reſpective countries. The exportation of foreign coin and of bullion was made free. In Holland, and in ſome other places, this liberty was extended even to the coin of the country. The attention of government was turned away from guarding againſt the exportation of gold and ſilver, to watch over the balance of trade, as the only cauſe which could occaſion any augmentation or diminution of thoſe metals. From one fruitleſs care it was turned away to another care much more intricate, much more embarraſſing, and juſt equally fruitleſs. The title of Mun's book, England's Treaſure in Foreign Trade, became a fundamental maxim in the political œconomy, not of England only, but of all other commercial countries. The inland or home trade, the moſt important of all, the trade in which an equal capital affords the greateſt revenue, and creates the greateſt employment to the people of the country, was conſidered as ſubſidiary only to foreign trade. It neither brought money into the country, it was ſaid, nor carried any out of it. The country therefore could never become either richer or poorer by means of it, except ſo far as its proſperity or decay might indirectly influence the ſtate of foreign trade.

A COUNTRY that has no mines of its own muſt undoubtedly draw its gold and ſilver from foreign countries, in the ſame manner as one that has no vineyards of its own muſt draw its wines. It does not ſeem neceſſary, however, that the

the attention of government ſhould be more turned towards the one than towards the other object. A country that has wherewithal to buy wine, will always get the wine which it has occaſion for; and a country that has wherewithal to buy gold and ſilver, will never be in want of thoſe metals. They are to be bought for a certain price like all other commodities, and as they are the price of all other commodities, ſo all other commodities are the price of thoſe metals. We truſt with perfect ſecurity that the freedom of trade, without any attention of government, will always ſupply us with the wine which we have occaſion for: and we may truſt with equal ſecurity that it will always ſupply us with all the gold and ſilver which we can afford to purchaſe or to employ, either in circulating our commodities, or in other uſes.

THE quantity of every commodity which human induſtry can either purchaſe or produce, naturally regulates itſelf in every country according to the effectual demand, or according to the demand of thoſe who are willing to pay the whole rent, labour and profits which muſt be paid in order to prepare and bring it to market. But no commodities regulate themſelves more eaſily or more exactly according to this effectual demand than gold and ſilver; becauſe on account of the ſmall bulk and great value of thoſe metals, no commodities can be more eaſily tranſported from one place to another, from the places where they are cheap, to thoſe where they are dear, from the places where they exceed, to thoſe where they fall ſhort of this effectual demand. If there was in England, for example, an effectual demand for an additional quantity of gold, a packet-boat could bring from Liſbon, or from wherever elſe it was to be had, fifty tuns of gold, which could be coined into more than five millions of guineas. But if there was an effectual demand for grain to the ſame value, to import it would require, at five guineas a tun, a million of tuns of ſhipping, or a thouſand ſhips of a thouſand tuns each. The navy of England would not be ſufficient.

WHEN the quantity of gold and ſilver imported into any country exceeds the effectual demand, no vigilance of government can prevent their exportation. All the ſanguinary laws of Spain and Portugal are not able to keep their gold and ſilver at home. The continual importations from Peru and Brazil exceed the effectual demand of thoſe countries, and ſink the price of thoſe metals there below that in the neighbouring

bouring countries. If, on the contrary, in any particular country their quantity fell ſhort of the effectual demand, ſo as to raiſe their price above that of the neighbouring countries, the government would have no occaſion to take any pains to import them. If it was even to take pains to prevent their importation, it would not be able to effectuate it. Thoſe metals, when the Spartans had got wherewithal to purchaſe them, broke through all the barriers which the laws of Lycurgus oppoſed to their entrance into Lacedemon. All the ſanguinary laws of the cuſtoms are not able to prevent the importation of the teas of the Dutch and Gottenburgh Eaſt India companies; becauſe ſomewhat cheaper than thoſe of the Britiſh company. A pound of tea, however, is about a hundred times the bulk of one of the higheſt prices, ſixteen ſhillings, that is commonly paid for it in ſilver, and more than two thouſand times the bulk of the ſame price in gold, and conſequently juſt ſo many times more difficult to ſmuggle.

It is partly owing to the eaſy tranſportation of gold and ſilver from the places where they abound to thoſe where they are wanted, that the price of thoſe metals does not fluctuate continually like that of the greater part of other commodities, which are hindered by their bulk from ſhifting their ſituation, when the market happens to be either over or under-ſtocked with them. The price of thoſe metals, indeed, is not altogether exempted from variation, but the changes to which it is liable are generally ſlow, gradual, and uniform. In Europe, for example, it is ſuppoſed, without much foundation, perhaps, that, during the courſe of the preſent and preceding century, they have been conſtantly, but gradually, ſinking in their value, on account of the continual importations from the Spaniſh Weſt Indies. But to make any ſudden change in the price of gold and ſilver, ſo as to raiſe or lower at once, ſenſibly and remarkably, the money price of all other commodities, requires ſuch a revolution in commerce as that occaſioned by the diſcovery of America.

If, notwithſtanding all this, gold and ſilver ſhould at any time fall ſhort in a country which has wherewithal to purchaſe them, there are more expedients for ſupplying their place, than that of almoſt any other commodity. If the materials of manufacture are wanted, induſtry muſt ſtop. If proviſions are wanted, the people muſt ſtarve. But if money

ney is wanted, barter will ſupply its place, though with a good deal of inconveniency. Buying and ſelling upon credit, and the different dealers compenſating their credits with one another, once a month or once a year, will ſupply it with leſs inconveniency. A well regulated paper money will ſupply it, not only without any inconveniency, but, in ſome caſes, with ſome advantages. Upon every account, therefore, the attention of government never was ſo unneceſſarily employed, as when directed to watch over the preſervation or increaſe of the quantity of money in any country.

No complaint, however, is more common than that of a ſcarcity of money. Money, like wine, muſt always be ſcarce with thoſe who have neither wherewithal to buy it, nor credit to borrow it. Thoſe who have either, will ſeldom be in want either of the money, or of the wine which they have occaſion for. This complaint, however, of the ſcarcity of money, is not always confined to improvident ſpendthrifts. It is ſometimes general through a whole mercantile town, and the country in its neighbourhood. Overtrading is the common cauſe of it. Sober men, whoſe projects have been diſproportioned to their capitals, are as likely to have neither wherewithal to buy money, nor credit to borrow it, as prodigals whoſe expence has been diſproportioned to their revenue. Before their projects can be brought to bear, their ſtock is gone, and their credit with it. They run about every where to borrow money, and every body tells them that they have none to lend. Even ſuch general complaints of the ſcarcity of money do not always prove that the uſual number of gold and ſilver pieces are not circulating in the country, but that many people want thoſe pieces who have nothing to give for them. When the profits of trade happen to be greater than ordinary, overtrading becomes a general error both among great and ſmall dealers. They do not always ſend more money abroad than uſual, but they buy upon credit both at home and abroad, an unuſual quantity of goods, which they ſend to ſome diſtant market, in hopes that the returns will come in before the demand for payment. The demand comes before the returns, and they have nothing at hand, with which they can either purchaſe money, or give ſolid ſecurity for borrowing. It is not any ſcarcity of gold and ſilver, but the difficulty which ſuch people find in borrowing, and which their creditors find in getting payment, that

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that occaſions the general complaint of the ſcarcity of money.

It would be too ridiculous to go about ſeriouſly to prove, that wealth does not conſiſt in money, or in gold and ſilver; but in what money purchaſes, and is valuable only for purchaſing. Money, no doubt, makes always a part of the national capital; but it has already been ſhown that it generally makes but a ſmall part, and always the moſt unprofitable part of it.

It is not becauſe wealth conſiſts more eſſentially in money than in goods, that the merchant finds it generally more eaſy to buy goods with money, than to buy money with goods; but becauſe money is the known and eſtabliſhed inſtrument of commerce, for which every thing is readily given in exchange, but which is not always with equal readineſs to be got in exchange for every thing. The greater part of goods beſides are more periſhable than money, and he may frequently ſuſtain a much greater loſs by keeping them. When his goods are upon hand too, he is more liable to ſuch demands for money as he may not be able to anſwer, than when he has got their price in his coffers. Over and above all this, his profit ariſes more directly from ſelling than from buying, and he is upon all theſe accounts generally much more anxious to exchange his goods for money, than his money for goods. But though a particular merchant, with abundance of goods in his warehouſe, may ſometimes be ruined by not being able to ſell them in time, a nation or country is not liable to the ſame accident. The whole capital of a merchant frequently conſiſts in periſhable goods deſtined for purchaſing money. But it is but a very ſmall part of the annual produce of the land and labour of a country which can ever be deſtined for purchaſing gold and ſilver from their neighbours. The far greater part is circulated and conſumed among themſelves; and even of the ſurplus which is ſent abroad, the greater part is generally deſtined for the purchaſe of other foreign goods. Though gold and ſilver, therefore, could not be had in exchange for the goods deſtined to purchaſe them, the nation would not be ruined. It might, indeed, ſuffer ſome loſs and inconveniency, and be forced upon ſome of thoſe expedients which are neceſſary for ſupplying the place of money. The annual produce of its land and labour, however, would be the ſame, or very nearly the ſame, as uſual, becauſe

cauſe the ſame, or very nearly the ſame conſumable capital would be employed in maintaining it. And though goods do not always draw money ſo readily as money draws goods, in the long-run they draw it more neceſſarily than even it draws them. Goods can ſerve many other purpoſes beſides purchaſing money, but money can ſerve no other purpoſe beſides purchaſing goods. Money, therefore, neceſſarily runs after goods, but goods do not always or neceſſarily run after money. The man who buys, does not always mean to ſell again, but frequently to uſe or to conſume; whereas he who ſells, always means to buy again. The one may frequently have done the whole, but the other can never have done more than the one-half of his buſineſs. It is not for its own ſake that men deſire money, but for the ſake of what they can purchaſe with it.

CONSUMABLE commodities, it is ſaid, are ſoon deſtroyed; whereas gold and ſilver are of a more durable nature, and, were it not for this continual exportation, might be accumulated for ages together, to the incredible augmentation of the real wealth of the country. Nothing, therefore, it is pretended, can be more diſadvantageous to any country, than the trade which conſiſts in the exchange of ſuch laſting for ſuch periſhable commodities. We do not, however, reckon that trade diſadvantageous which conſiſts in the exchange of the hardware of England for the wines of France; and yet hardware is a very durable commodity, and was it not for this continual exportation, might too be accumulated for ages together, to the incredible augmentation of the pots and pans of the country. But it readily occurs that the number of ſuch utenſils is in every country neceſſarily limited by the uſe which there is for them; that it would be abſurd to have more pots and pans than were neceſſary for cooking the victuals uſually conſumed there; and that if the quantity of victuals were to increaſe, the number of pots and pans would readily increaſe along with it, a part of the increaſed quantity of victuals being employed in purchaſing them, or in maintaining an additional number of workmen whoſe buſineſs it was to make them. It ſhould as readily occur that the quantity of gold and ſilver is in every country limited by the uſe which there is for thoſe metals; that their uſe conſiſts in circulating commodities as coin, and in affording a ſpecies of houſhold furniture as plate; that the quantity of coin in every country is regulated by the value of the commodities

modities which are to be circulated by it: increaſe that value, and immediately a part of it will be ſent abroad to purchaſe, wherever it is to be had, the additional quantity of coin requiſite for circulating them: that the quantity of plate is regulated by the number and wealth of thoſe private families who chuſe to indulge themſelves in that ſort of magnificence: increaſe the number and wealth of ſuch families, and a part of this increaſed wealth will moſt probably be employed in purchaſing, wherever it is to be found, an additional quantity of plate: that to attempt to increaſe the wealth of any country, either by introducing or by detaining in it an unneceſſary quantity of gold and ſilver, is as abſurd as it would be to attempt to increaſe the good cheer of private families, by obliging them to keep an unneceſſary number of kitchen utenſils. As the expence of purchaſing thoſe unneceſſary utenſils would diminiſh inſtead of increaſing either the quantity or goodneſs of the family proviſions; ſo the expence of purchaſing an unneceſſary quantity of gold and ſilver muſt, in every country, as neceſſarily diminiſh the wealth which feeds, cloaths, and lodges, which maintains and employs the people. Gold and ſilver, whether in the ſhape of coin or of plate, are utenſils, it muſt be remembered, as much as the furniture of the kitchen. Increaſe the uſe for them, increaſe the conſumable commodities which are to be circulated, managed, and prepared by means of them, and you will infallibly increaſe the quantity; but if you attempt, by extraordinary means, to increaſe the quantity, you will as infallibly diminiſh the uſe and even the quantity too, which in thoſe metals can never be greater than what the uſe requires. Were they ever to be accumulated beyond this quantity, their tranſportation is ſo eaſy, and the loſs which attends their lying idle and unemployed ſo great, that no law could prevent their being immediately ſent out of the country.

It is not always neceſſary to accumulate gold and ſilver, in order to enable a country to carry on foreign wars, and to maintain fleets and armies in diſtant countries. Fleets and armies are maintained, not with gold and ſilver, but with conſumable goods. The nation which, from the annual produce of its domeſtic induſtry, from the annual revenue ariſing out of its lands, labour, and conſumable ſtock, has wherewithal to purchaſe thoſe conſumable

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fumable goods in distant countries, can maintain foreign wars there.

A NATION may purchase the pay and provisions of an army in a distant country three different ways; by sending abroad either, first, some part of its accumulated gold and silver; or, secondly, some part of the annual produce of its manufactures; or last of all, some part of its annual rude produce.

THE gold and silver which can properly be considered as accumulated or stored up in any country, may be distinguished into three parts; first, the circulating money; secondly, the plate of private families; and last of all, the money which may have been collected by many years parsimony, and laid up in the treasury of the prince.

IT can seldom happen that much can be spared from the circulating money of the country; because in that there can seldom be much redundancy. The value of goods annually bought and sold in any country requires a certain quantity of money to circulate and distribute them to their proper consumers, and can give employment to no more. The channel of circulation necessarily draws to itself a sum sufficient to fill it, and never admits any more. Something, however, is generally withdrawn from this channel in the case of foreign war. By the great number of people who are maintained abroad, fewer are maintained at home. Fewer goods are circulated there, and less money becomes necessary to circulate them. An extraordinary quantity of paper money, of some sort or other too, such as exchequer notes, navy bills, and bank bills in England, is generally issued upon such occasions, and by supplying the place of circulating gold and silver, gives an opportunity of sending a greater quantity of it abroad. All this, however, could afford but a poor resource for maintaining a foreign war, of great expence and several years duration.

THE melting down the plate of private families, has upon every occasion been found a still more insignificant one. The French, in the beginning of the last war, did not derive so much advantage from this expedient as to compensate the loss of the fashion.

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THE accumulated treaſures of the prince have, in former times, afforded a much greater and more laſting reſource. In the preſent times, if you except the king of Pruſſia, to accumulate treaſure ſeems to be no part of the policy of European princes.

THE funds which maintained the foreign wars of the preſent century, the moſt expenſive perhaps which hiſtory records, ſeem to have had little dependency upon the exportation either of the circulating money, or of the plate of private families, or of the treaſure of the prince. The laſt French war coſt Great Britain upwards of ninety millions, including not only the ſeventy-five millions of new debt that was contracted, but the additional two ſhillings in the pound land tax, and what was annually borrowed of the ſinking fund. More than two-thirds of this expence was laid out in diſtant countries; in Germany, Portugal, America, in the ports of the Mediterranean, in the Eaſt and Weſt Indies. The kings of England had no accumulated treaſure. We never heard of any extraordinary quantity of plate being melted down. The circulating gold and ſilver of the country had not been ſuppoſed to exceed eighteen millions. Since the late recoinage of the gold, however, it is believed to have been a good deal under-rated. Let us ſuppoſe, therefore, according to the moſt exaggerated computation which I remember to have either ſeen or heard of, that, gold and ſilver together, it amounted to thirty millions. Had the war been carried on, by means of our money, the whole of it muſt, even according to this computation, have been ſent out and returned again at leaſt twice, in a period of between ſix and ſeven years. Should this be ſuppoſed, it would afford the moſt deciſive argument to demonſtrate how unneceſſary it is for government to watch over the preſervation of money, ſince upon this ſuppoſition the whole money of the country muſt have gone from it and returned to it again, two different times in ſo ſhort a period, without any body's knowing any thing of the matter. The channel of circulation, however, never appeared more empty than uſual during any part of this period. Few people wanted money who had wherewithal to pay for it. The profits of foreign trade, indeed, were greater than uſual during the whole war; but eſpecially towards the end of it. This occaſioned, what it always occaſions, a general overtrading in all the ports of

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Great Britain; and this again occaſioned the uſual complaint of the ſcarcity of money, which always follows overtrading. Many people wanted it, who had neither wherewithal to buy it, nor credit to borrow it; and becauſe the debtors found it difficult to borrow, the creditors found it difficult to get payment. Gold and ſilver, however, were generally to be had for their value, by thoſe who had that value to give for them.

THE enormous expence of the late war, therefore, muſt have been chiefly defrayed, not by the exportation of gold and ſilver, but by that of Britiſh commodities of ſome kind or other. When the government, or thoſe who acted under them, contracted with a merchant for a remittance to ſome foreign country, he would naturally endeavour to pay his foreign correſpondent, upon whom he had granted a bill, by ſending abroad rather commodities than gold and ſilver. If the commodities of Great Britain were not in demand in that country, he would endeavour to ſend them to ſome other country, in which he could purchaſe a bill upon that country. The tranſportation of commodities, when properly ſuited to the market, is always attended with a conſiderable profit; whereas that of gold and ſilver is ſcarce ever attended with any. When thoſe metals are ſent abroad in order to purchaſe foreign commodities, the merchant's profit ariſes, not from the purchaſe, but from the ſale of the returns. But when they are ſent abroad merely to pay a debt, he gets no returns, and conſequently no profit. He naturally, therefore, exerts his invention to find out a way of paying his foreign debts, rather by the exportation of commodities than by that of gold and ſilver. The great quantity of Britiſh goods exported during the courſe of the late war, without bringing back any returns, is accordingly remarked by the author of The Preſent State of the Nation.

BESIDES the three ſorts of gold and ſilver above mentioned, there is in all great commercial countries a good deal of bullion alternately imported and exported for the purpoſes of foreign trade. This bullion, as it circulates among different commercial countries in the ſame manner as the national coin circulates in every particular country, may be conſidered as the money of the great mercantile republic. The national coin receives its movement and direction from the commodi-

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ties circulated within the precincts of each particular country: the money of the mercantile republic, from those circulated between different countries. Both are employed in facilitating exchanges, the one between different individuals of the same, the other between those of different nations. Part of this money of the great mercantile republic may have been, and probably was, employed in carrying on the late war. In time of a general war, it is natural to suppose that a movement and direction should be impressed upon it, different from what it usually follows in profound peace; that it should circulate more about the seat of the war, and be more employed in purchasing there, and in the neighbouring countries, the pay and provisions of the different armies. But whatever part of this money of the mercantile republic, Great Britain may have annually employed in this manner, it must have been annually purchased, either with British commodities, or with something else that had been purchased with them; which still brings us back to commodities, to the annual produce of the land and labour of the country, as the ultimate resources which enabled us to carry on the war. It is natural indeed to suppose, that so great an annual expence must have been defrayed from a great annual produce. The expence of 1761, for example, amounted to more than nineteen millions. No accumulation could have supported so great an annual profusion. There is no annual produce even of gold and silver which could have supported it. The whole gold and silver annually imported into both Spain and Portugal, according to the best accounts, does not commonly much exceed six millions sterling, which, in some years, would scarce have paid four months expence of the late war.

THE commodities most proper for being transported to distant countries, in order to purchase there, either the pay and provisions of an army, or some part of the money of the mercantile republic to be employed in purchasing them, seem to be the finer and more improved manufactures; such as contain a great value in a small bulk, and can, therefore, be exported to a great distance at little expence. A country whose industry produces a great annual surplus of such manufactures, which are usually exported to foreign countries, may carry on for many years a very expensive foreign war, without either exporting any considerable quantity of gold

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and ſilver, or even having any ſuch quantity to export. A conſiderable part of the annual ſurplus of its manufactures muſt, indeed, in this caſe be exported, without bringing back any returns to the country, though it does to the merchant; the government purchaſing of the merchant his bills upon foreign countries, in order to purchaſe there the pay and proviſions of an army. Some part of this ſurplus, however, may ſtill continue to bring back a return. The manufacturers, during the war, will have a double demand upon them, and be called upon, firſt, to work up goods to be ſent abroad, for paying the bills drawn upon foreign countries for the pay and proviſions of the army; and, ſecondly, to work up ſuch as are neceſſary for purchaſing the common returns that had uſually been conſumed in the country. In the midſt of the moſt deſtructive foreign war, therefore, the greater part of manufactures may frequently flouriſh greatly; and, on the contrary, they may decline on the return of the peace. They may flouriſh amidſt the ruin of their country, and begin to decay upon the return of its proſperity. The different ſtate of many different branches of the Britiſh manufactures during the late war, and for ſome time after the peace, may ſerve as an illuſtration of what has been juſt now ſaid.

No foreign war of great expence or duration could conveniently be carried on by the exportation of the rude produce of the ſoil. The expence of ſending ſuch a quantity of it to a foreign country as might purchaſe the pay and proviſions of an army, would be too great. Few countries too produce much more rude produce than what is ſufficient for the ſubſiſtence of their own inhabitants. To ſend abroad any great quantity of it, therefore, would be to ſend abroad a part of the neceſſary ſubſiſtence of the people. It is otherwiſe with the exportation of manufactures. The maintenance of the people employed in them is kept at home, and only the ſurplus part of their work is exported. Mr. Hume frequently takes notice of the inability of the ancient kings of England to carry on, without interruption, any foreign war of long duration. The Engliſh, in thoſe days, had nothing wherewithal to purchaſe the pay and proviſions of their armies in foreign countries, but either the rude produce of the ſoil, of which no conſiderable part could be ſpared from the home conſumption, or a few manufactures of the coarſeſt kind, of which, as well as of the rude produce, the tranſportation was

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too expenſive. This inability did not ariſe from the want of money, but of the finer and more improved manufactures. Buying and ſelling was tranſacted by means of money in England then, as well as now. The quantity of circulating money muſt have borne the ſame proportion to the number and value of purchaſes and ſales uſually tranſacted at that time, which it does to thoſe tranſacted at preſent; or rather it muſt have borne a greater proportion becauſe there was then no paper, which now occupies a great part of the employment of gold and ſilver. Among nations to whom commerce and manufactures are little known, the ſovereign, upon extraordinary occaſions, can ſeldom draw any conſiderable aid from his ſubjects, for reaſons which ſhall be explained hereafter. It is in ſuch countries, therefore, that he generally endeavours to accumulate a treaſure, as the only reſource againſt ſuch emergencies. Independent of this neceſſity, he is in ſuch a ſituation naturally diſpoſed to the parſimony requiſite for accumulation. In that ſimple ſtate, the expence even of a ſovereign is not directed by the vanity which delights in the gaudy finery of a court, but is employed in bounty to his tenants, and hoſpitality to his retainers. But bounty and hoſpitality very ſeldom lead to extravagance; though vanity almoſt always does. Every Tartar chief, accordingly, has a treaſure. The treaſures of Mazepa, chief of the Coſſacks in the Ukraine, the famous ally of Charles XII. are ſaid to have been very great. The French kings of the Merovingian race had all treaſures. When they divided their kingdom among their different children, they divided their treaſure too. The Saxon princes, and the firſt kings after the conqueſt, ſeem likewiſe to have accumulated treaſures. The firſt exploit of every new reign was commonly to ſeize the treaſure of the preceding king, as the moſt eſſential meaſure for ſecuring the ſucceſſion. The ſovereigns of improved and commercial countries are not under the ſame neceſſity of accumulating treaſures, becauſe they can generally draw from their ſubjects extraordinary aids upon extraordinary occaſions. They are likewiſe leſs diſpoſed to do ſo. They naturally, perhaps neceſſarily, follow the mode of the times, and their expence comes to be regulated by the ſame extravagant vanity which directs that of all the other great proprietors in their dominions. The inſignificant pageantry of their court becomes every day more brilliant, and the expence of it not only prevents accumulation, but frequently encroaches upon the funds deſtined for more neceſſary

neceſſary expences. What Dercyllidas ſaid of the court of Perſia, may be applied to that of ſeveral European princes, that he ſaw there much ſplendor but little ſtrength, and many ſervants but few ſoldiers.

THE importation of gold and ſilver is not the principal, much leſs the ſole benefit which a nation derives from its foreign trade. Between whatever places foreign trade is carried on, they all of them derive two diſtinct benefits from it. It carries out that ſurplus part of the produce of their land and labour for which there is no demand among them, and brings back in return for it ſomething elſe for which there is a demand. It gives a value to their ſuperfluities, by exchanging them for ſomething elſe, which may ſatisfy a part of their wants, and increaſe their enjoyments. By means of it, the narrowneſs of the home market does not hinder the diviſion of labour in any particular branch of art or manufacture from being carried to the higheſt perfection. By opening a more extenſive market for whatever part of the produce of their labour may exceed the home conſumption, it encourages them to improve its productive powers, and to augment its annual produce to the utmoſt, and thereby to increaſe the real revenue and wealth of the ſociety. Theſe great and important ſervices foreign trade is continually occupied in performing, to all the different countries between which it is carried on. They all derive great benefit from it, though that in which the merchant reſides generally derives the greateſt, as he is generally more employed in ſupplying the wants, and carrying out the ſuperfluities of his own, than of any other particular country. To import the gold and ſilver which may be wanted, into the countries which have no mines, is, no doubt, a part of the buſineſs of foreign commerce. It is, however, a moſt inſignificant part of it. A country which carried on foreign trade merely upon this account, could ſcarce have occaſion to freight a ſhip in a century.

IT is not by the importation of gold and ſilver, that the diſcovery of America has enriched Europe. By the abundance of the American mines, thoſe metals have become cheaper. A ſervice of plate can now be purchaſed for about a third part of the corn, or a third part of the labour, which it would have coſt in the fifteenth century. With the ſame annual expence of labour and commodities, Europe can annually

nually purchaſe about three times the quantity of plate which it could have purchaſed at that time. But when a commodity comes to be ſold for a third part of what had been its uſual price, not only thoſe who purchaſed it before can purchaſe three times their former quantity, but it is brought down to the level of a much greater number of purchaſers; perhaps to more than ten, perhaps to more than twenty times the former number. So that there may be in Europe at preſent not only more than three times, but more than twenty or thirty times the quantity of plate which would have been in it, even in this preſent ſtate of improvement, had the diſcovery of the American mines never been made. So far Europe has, no doubt, gained a real conveniency, though ſurely a very trifling one. The cheapneſs of gold and ſilver renders thoſe metals rather leſs fit for the purpoſes of money than they were before. In order to make the ſame purchaſes, we muſt load ourſelves with a greater quantity of them, and carry about a ſhilling in our pocket where a groat would have done before. It is difficult to ſay which is moſt trifling, this inconveniency, or the oppoſite conveniency. Neither the one nor the other could have made any very eſſential change in the ſtate of Europe. The diſcovery of America, however, certainly made a moſt eſſential one. By opening a new and inexhauſtible market to all the commodities of Europe, it gave occaſion to new diviſions of labour and improvements of art, which, in the narrow circle of the ancient commerce, could never have taken place for want of a market to take off the greater part of their produce. The productive powers of labour were improved, and its produce increaſed in all the different countries of Europe, and together with it the real revenue and wealth of the inhabitants. The commodities of Europe were almoſt all new to America, and many of thoſe of America were new to Europe. A new ſett of exchanges, therefore, began to take place which had never been thought of before, and which ſhould naturally have proved as advantageous to the new, as it certainly did to the old continent. The ſavage injuſtice of the Europeans rendered an event, which ought to have been beneficial to all, ruinous and deſtructive to ſeveral of thoſe unfortunate countries.

The diſcovery of a paſſage to the Eaſt Indies, by the Cape of Good Hope, which happened much about the ſame time,

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time, opened, perhaps, a ſtill more extenſive range to foreign commerce than even that of America, notwithſtanding the greater diſtance. There were but two nations in America, in any reſpect ſuperior to ſavages, and theſe were deſtroyed almoſt as ſoon as diſcovered. The reſt were mere ſavages. But the empires of China, Indoſtan, Japan, as well as ſeveral others in the Eaſt Indies, without having richer mines of gold or ſilver, were in every other reſpect much richer, better cultivated, and more advanced in all arts and manufactures than either Mexico or Peru, even though we ſhould credit, what plainly deſerves no credit, the exaggerated accounts of the Spaniſh writers concerning the antient ſtate of thoſe empires. But rich and civilized nations can always exchange to a much greater value with one another, than with ſavages and barbarians. Europe, however, has hitherto derived much leſs advantage from its commerce with the Eaſt Indies, than from that with America. The Portugueſe monopolized the Eaſt India trade to themſelves for about a century, and it was only indirectly and through them, that the other nations of Europe could either ſend out or receive any goods from that country. When the Dutch, in the beginning of the laſt century, began to encroach upon them, they veſted their whole Eaſt India commerce in an excluſive company. The Engliſh, French, Swedes, and Danes, have all followed their example, ſo that no great nation in Europe has ever yet had the benefit of a free commerce to the Eaſt Indies. No other reaſon need be aſſigned why it has never been ſo advantageous as the trade to America, which, between almoſt every nation of Europe and its own colonies, is free to all its ſubjects. The excluſive privileges of thoſe Eaſt India companies, their great riches, the great favour and protection which theſe have procured them from their reſpective governments, have excited much envy againſt them. This envy has frequently repreſented their trade as altogether pernicious, on account of the great quantities of ſilver, which it every year exports from the countries from which it is carried on. The parties concerned have replied, that their trade, by this continual exportation of ſilver, might, indeed, tend to impoveriſh Europe in general, but not the particular country from which it was carried on; becauſe, by the exportation of a part of the returns to other European countries, it annually brought home a much greater quantity of that metal than it carried out. Both the objection

tion and the reply are founded in the popular notion which I have been juſt now examining. It is, therefore, unneceſſary to ſay any thing further about either. By the annual exportation of ſilver to the Eaſt Indies, plate is probably ſomewhat dearer in Europe than it otherwiſe might have been; and coined ſilver probably purchaſes a larger quantity both of labour and commodities. The former of theſe two effects is a very ſmall loſs, the latter a very ſmall advantage; both too inſignificant to deſerve any part of the public attention. The trade to the Eaſt Indies, by opening a market to the commodities of Europe, or what comes nearly to the ſame thing, to the gold and ſilver which is purchaſed with thoſe commodities, muſt neceſſarily tend to increaſe the annual production of European commodities, and conſequently the real wealth and revenue of Europe. That it has hitherto increaſed them ſo little, is probably owing to the reſtraints which it every where labours under.

I THOUGHT it neceſſary, though at the hazard of being tedious, to examine at full length this popular notion that wealth conſiſts in money, or in gold and ſilver. Money in common language, as I have already obſerved, frequently ſignifies wealth; and this ambiguity of expreſſion has rendered this popular notion ſo familiar to us, that even they, who are convinced of its abſurdity, are very apt to forget their own principles, and in the courſe of their reaſonings to take it for granted as a certain and undeniable truth. Some of the beſt Engliſh writers upon commerce ſet out with obſerving, that the wealth of a country conſiſts, not in its gold and ſilver only, but in its lands, houſes, and conſumable goods of all different kinds. In the courſe of their reaſonings, however, the lands, houſes, and conſumable goods ſeem to ſlip out of their memory, and the ſtrain of their argument frequently ſuppoſes that all wealth conſiſts in gold and ſilver, and that to multiply thoſe metals is the great object of national induſtry and commerce.

THE two principles being eſtabliſhed, however, that wealth conſiſted in gold and ſilver, and that thoſe metals could be brought into a country which had no mines only by the balance of trade, or by exporting to a greater value than it imported; it neceſſarily became the great object of political œconomy to diminiſh as much as poſſible the importation of foreign goods for home-conſumption, and to increaſe as much as poſſible the exportation of the produce of domeſtic induſtry.

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duſtry. Its two great engines for enriching the country, therefore, were reſtraints upon importation, and encouragements to exportation.

THE reſtraints upon importation were of two kinds.

FIRST, Reſtraints upon the importation of ſuch foreign goods for home-conſumption as could be produced at home, from whatever country they were imported.

SECONDLY, Reſtraints upon the importation of goods of almoſt all kinds from thoſe particular countries with which the balance of trade was ſuppoſed to be diſadvantageous.

THOSE different reſtraints conſiſted ſometimes in high duties, and ſometimes in abſolute prohibitions.

EXPORTATION was encouraged ſometimes by drawbacks, ſometimes by bounties, ſometimes by advantageous treaties of commerce with foreign ſtates, and ſometimes by the eſtabliſhment of colonies in diſtant countries.

DRAWBACKS were given upon two different occaſions. When the home-manufactures were ſubject to any duty or exciſe, either the whole or a part of it was frequently drawn back upon their exportation; and when foreign goods liable to a duty were imported in order to be exported again, either the whole or a part of this duty was ſometimes given back upon ſuch exportation.

BOUNTIES were given for the encouragement either of ſome beginning manufactures, or of ſuch ſorts of induſtry of other kinds as were ſuppoſed to deſerve particular favour.

BY advantageous treaties of commerce, particular privileges were procured in ſome foreign ſtate for the goods and merchants of the country, beyond what were granted to thoſe of other countries.

BY the eſtabliſhment of colonies in diſtant countries, not only particular privileges, but a monopoly was frequently procured for the goods and merchants of the country which eſtabliſhed them.

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THE two ſorts of reſtraints upon importation above-mentioned, together with theſe four encouragements to exportation, conſtitute the ſix principal means by which the commercial ſyſtem propoſes to increaſe the quantity of gold and ſilver in any country by turning the balance of trade in its favour. I ſhall conſider each of them in a particular chapter, and without taking much further notice of their ſuppoſed tendency to bring money into the country, I ſhall examine chiefly what are likely to be the effects of each of them upon the annual produce of its induſtry. According as they tend either to increaſe or diminiſh the value of this annual produce, they muſt evidently tend either to increaſe or diminiſh the real wealth and revenue of the country.

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CHAP. II.

Of Reſtraints upon the Importation from foreign Countries of ſuch Goods as can be produced at Home.

BY reſtraining, either by high duties, or by abſolute prohibitions, the importation of ſuch goods from foreign countries as can be produced at home, the monopoly of the home-market is more or leſs ſecured to the domeſtic induſtry employed in producing them. Thus the prohibition of importing either live cattle or ſalt proviſions from foreign countries ſecures to the graziers of Great Britain the monopoly of the home-market for butchers-meat. The high duties upon the importation of corn, which in times of moderate plenty amount to a prohibition, give a like advantage to the growers of that commodity. The prohibition of the importation of foreign woollens is equally favourable to the woollen manufacturers. The ſilk manufacture, though altogether employed upon foreign materials, has lately obtained the ſame advantage. The linen manufacture has not yet obtained it, but is making great ſtrides towards it. Many other ſorts of manufacturers have, in the ſame manner, obtained in Great Britain, either altogether, or very nearly a monopoly againſt their countrymen. The variety of goods of which the importation into Great Britain is prohibited, either abſolutely, or under certain circumſtances, greatly exceeds what can eaſily be ſuſpected by thoſe who are not well acquainted with the laws of the cuſtoms.

THAT this monopoly of the home-market frequently gives great encouragement to that particular ſpecies of induſtry which enjoys it, and frequently turns towards that employment a greater ſhare of both the labour and ſtock of the ſociety than would otherwiſe have gone to it, cannot be doubted. But whether it tends either to increaſe the general induſtry of the ſociety, or to give it the moſt advantageous direction, is not, perhaps, altogether ſo evident.

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THE general induſtry of the ſociety never can exceed what the capital of the ſociety can employ. As the number of workmen that can be kept in employment by any particular perſon muſt bear a certain proportion to his capital, ſo the number of thoſe that can be continually employed by all the members of a great ſociety, muſt bear a certain proportion to the whole capital of that ſociety, and never can exceed that proportion. No regulation of commerce can increaſe the quantity of induſtry in any ſociety beyond what its capital can maintain. It can only divert a part of it into a direction into which it might not otherwiſe have gone; and it is by no means certain that this artificial direction is likely to be more advantageous to the ſociety than that into which it would have gone of its own accord.

EVERY individual is continually exerting himſelf to find out the moſt advantageous employment for whatever capital he can command. It is his own advantage, indeed, and not that of the ſociety, which he has in view. But the ſtudy of his own advantage naturally, or rather neceſſarily leads him to prefer that employment which is moſt advantageous to the ſociety.

FIRST, every individual endeavours to employ his capital as near home as he can, and conſequently as much as he can in the ſupport of domeſtic induſtry; provided always that he can thereby obtain the ordinary, or not a great deal leſs than the ordinary profits of ſtock.

THUS upon equal or nearly equal profits, every wholeſale merchant naturally prefers the home-trade to the foreign trade of conſumption, and the foreign trade of conſumption to the carrying trade. In the home-trade his capital is never ſo long out of his ſight as it frequently is in the foreign trade of conſumption. He can know better the character and ſituation of the perſons whom he truſts, and if he ſhould happen to be deceived, he knows better the laws of the country from which he muſt ſeek redreſs. In the carrying trade, the capital of the merchant is, as it were, divided between two foreign countries, and no part of it is ever neceſſarily brought home, or placed under his own immediate view and command. The capital which an Amſterdam merchant employs in carrying corn from Konnigſberg to Liſbon, and fruit and wine from Liſbon to Konnigſberg, muſt

must generally be the one-half of it at Konnigſberg and the other half at Liſbon. No part of it need ever come to Amſterdam. The natural reſidence of ſuch a merchant ſhould either be at Konnigſberg or Liſbon, and it can only be ſome very particular circumſtances which can make him prefer the reſidence of Amſterdam. The uneaſineſs, however, which he feels at being ſeparated ſo far from his capital, generally determines him to bring part both of the Konnigſberg goods which he deſtines for the market of Liſbon, and of the Liſbon goods which he deſtines for that of Konnigſberg, to Amſterdam: and though this neceſſarily ſubjects him to a double charge of loading and unloading, as well as to the payment of ſome duties and cuſtoms, yet for the ſake of having ſome part of his capital always under his own view and command, he willingly ſubmits to this extraordinary charge; and it is in this manner that every country which has any conſiderable ſhare of the carrying trade, becomes always the emporium, or general market, for the goods of all the different countries whoſe trade it carries on. The merchant, in order to ſave a ſecond loading and unloading, endeavours always to ſell in the home-market as much of the goods of all thoſe different countries as he can, and thus, ſo far as he can, to convert his carrying trade into a foreign trade of conſumption. A merchant, in the ſame manner, who is engaged in the foreign trade of conſumption, when he collects goods for foreign markets, will always be glad, upon equal or nearly equal profits, to ſell as great a part of them at home as he can. He ſaves himſelf the riſk and trouble of exportation when, ſo far as he can, he thus converts his foreign trade of conſumption into a home-trade. Home is in this manner the center, if I may ſay ſo, round which the capitals of the inhabitants of every country are continually circulating, and towards which they are always tending, though by particular cauſes they may ſometimes be driven off and repelled from it towards more diſtant employments. But a capital employed in the home-trade, it has already been ſhown, neceſſarily puts into motion a greater quantity of domeſtic induſtry, and gives revenue and employment to a greater number of the inhabitants of the country, than an equal capital employed in the foreign trade of conſumption: and one employed in the foreign trade of conſumption has the ſame advantage over an equal capital employed in the carrying trade. Upon equal, or only nearly equal profits, therefore, every individual naturally inclines to employ his capital in the manner in which it is likely to afford

afford the greateſt ſupport to domeſtic induſtry, and to give revenue and employment to the greateſt number of people of his own country.

SECONDLY, every individual who employs his capital in the ſupport of domeſtic induſtry, neceſſarily endeavours ſo to direct that induſtry, that its produce may be of the greateſt poſſible value.

THE produce of induſtry is what it adds to the ſubject or materials upon which it is employed. In proportion as the value of this produce is great or ſmall, ſo will likewiſe be the profits of the employer. But it is only for the ſake of profit that any man employs a capital in the ſupport of induſtry; and he will always, therefore endeavour to employ it in the ſupport of that induſtry of which the produce is likely to be of the greateſt value, or to exchange for the greateſt quantity either of money or of other goods.

But the annual revenue of every ſociety is always preciſely equal to the exchangeable value of the whole annual produce of its induſtry, or rather is preciſely the ſame thing with that exchangeable value. As every individual, therefore, endeavours as much as he can both to employ his capital in the ſupport of domeſtic induſtry, and ſo to direct that induſtry that its produce may be of the greateſt value; every individual neceſſarily labours to render the annual revenue of the ſociety as great as he can. He generally, indeed, neither intends to promote the public intereſt, nor knows how much he is promoting it. By preferring the ſupport of domeſtic to that of foreign induſtry he intends only his own ſecurity; and by directing that induſtry in ſuch a manner as its produce may be of the greateſt value, he intends only his own gain, and he is in this, as in many other caſes, led by an inviſible hand to promote an end which was no part of his intention. Nor is it always the worſe for the ſociety that it was no part of it. By purſuing his own intereſt he frequently promotes that of the ſociety more effectually than when he really intends to promote it. I have never known much good done by thoſe who affected to trade for the public good. It is an affectation, indeed, not very common among merchants, and very few words need be employed in diſſuading them from it.

WHAT is the ſpecies of domeſtic induſtry which his capital can employ, and of which the produce is likely to be of the

the greateſt value, every individual, it is evident, can, in his local ſituation, judge much better than any ſtateſman or lawgiver can do for him. The ſtateſman, who ſhould attempt to direct private people in what manner they ought to employ their capitals, would not only load himſelf with a moſt unneceſſary attention, but aſſume an authority which could ſafely be truſted, not only to no ſingle perſon, but to no council or ſenate whatever, and which would nowhere be ſo dangerous as in the hands of a man who had folly and preſumption enough to fancy himſelf fit to exerciſe it.

To give the monopoly of the home-market to the produce of domeſtic induſtry, in any particular art or manufacture, is in ſome meaſure to direct private people in what manner they ought to employ their capitals, and muſt, in almoſt all caſes, be either a uſeleſs or a hurtful regulation. If the produce of domeſtic can be brought there as cheap as that of foreign induſtry, the regulation is evidently uſeleſs. If it cannot, it muſt generally be hurtful. It is the maxim of every prudent maſter of a family, never to attempt to make at home what will coſt him more to make than to buy. The taylor does not attempt to make his own ſhoes, but buys them of the ſhoemaker. The ſhoemaker does not attempt to make his own cloaths, but employs a taylor. The farmer attempts to make neither the one nor the other, but employs thoſe different artificers. All of them find it for their intereſt to employ their whole induſtry in a way in which they have ſome advantage over their neighbours, and to purchaſe with a part of its produce, or what is the ſame thing, with the price of a part of it, whatever elſe they have occaſion for.

What is prudence in the conduct of every private family, can ſcarce be folly in that of a great kingdom. If a foreign country can ſupply us with a commodity cheaper than we ourſelves can make it, better buy it of them with ſome part of the produce of our own induſtry, employed in a way in which we have ſome advantage. The general induſtry of the country, being always in proportion to the capital which employs it, will not thereby be diminiſhed, no more than that of the above-mentioned artificers; but only left to find out the way in which it can be employed with the greateſt advantage. It is certainly not employed to the greateſt advantage, when it is thus directed towards an object which it can buy cheaper than it can make. The value of its annual produce

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is certainly more or leſs diminiſhed, when it is thus turned away from producing commodities evidently of more value than the commodity which it is directed to produce. According to the ſuppoſition, that commodity could be purchaſed from foreign countries cheaper than it can be made at home. It could, therefore, have been purchaſed with a part only of the commodities, or what is the ſame thing, with a part only of the price of the commodities, which the induſtry employed by an equal capital, would have produced at home, had it been left to follow its natural courſe. The induſtry of the country, therefore, is thus turned away from a more to a leſs advantageous employment, and the exchangeable value of its annual produce, inſtead of being increaſed, according to the intention of the lawgiver, muſt neceſſarily be diminiſhed by every ſuch regulation.

By means of ſuch regulations, indeed, a particular manufacture may ſometimes be acquired ſooner than it could have been otherwiſe, and after a certain time may be made at home as cheap or cheaper than in the foreign country. But though the induſtry of the ſociety may be thus carried with advantage into a particular channel ſooner than it could have been otherwiſe, it will by no means follow that the ſum total, either of its induſtry, or of its revenue, can ever be augmented by any ſuch regulation. The induſtry of the ſociety can augment only in proportion as its capital augments, and its capital can augment only in proportion to what can be gradually ſaved out of its revenue. But the immediate effect of every ſuch regulation is to diminiſh its revenue, and what diminiſhes its revenue, is certainly not very likely to augment its capital faſter than it would have augmented of its own accord, had both capital and induſtry been left to find out their natural employments.

Though for want of ſuch regulations the ſociety ſhould never acquire the propoſed manufacture, it would not, upon that account, neceſſarily be the poorer in any one period of its duration. In every period of its duration its whole capital and induſtry might ſtill have been employed, though upon different objects, in the manner that was moſt advantageous at the time. In every period its revenue might have been the greateſt which its capital could afford, and both capital and revenue might have been augmented with the greateſt poſſible rapidity.

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THE natural advantages which one country has over another in producing particular commodities are ſometimes ſo great, that it is acknowledged by all the world to be in vain to ſtruggle with them. By means of glaſſes, hotbeds, and hotwalls, very good grapes can be raiſed in Scotland, and very good wine too can be made of them at about thirty times the expence for which at leaſt equally good can be brought from foreign countries. Would it be a reaſonable law to prohibit the importation of all foreign wines, merely to encourage the making of claret and burgundy in Scotland? But if there would be a manifeſt abſurdity in turning towards any employment, thirty times more of the capital and induſtry of the country, than would be neceſſary to purchaſe from foreign countries an equal quantity of the commodities wanted, there muſt be an abſurdity, though not altogether ſo glaring, yet exactly of the ſame kind, in turning towards any ſuch employment a thirtieth, or even a three hundredth part more of either. Whether the advantages which one country has over another, be natural or acquired, is in this reſpect of no conſequence. As long as the one country has thoſe advantages, and the other wants them, it will always be more advantageous for the latter, rather to buy of the former than to make. It is an acquired advantage only, which one artificer has over his neighbour, who exerciſes another trade; and yet they both find it more advantageous to buy of one another, than to make what does not belong to their particular trades.

MERCHANTS and manufacturers are the people who derive the greateſt advantage from this monopoly of the home market. The prohibition of the importation of foreign cattle, and of ſalt proviſions, together with the high duties upon foreign corn, which in times of moderate plenty amount to a prohibition, are not near ſo advantageous to the graziers and farmers of Great Britain, as other regulations of the ſame kind are to its merchants and manufacturers. Manufactures, thoſe of the finer kind eſpecially, are more eaſily tranſported from one country to another than corn or cattle. It is in the fetching and carrying manufactures, accordingly, that foreign trade is chiefly employed. In manufactures, a very ſmall advantage will enable foreigners to underſell our own workmen, even in the home market. It will require a very great one to enable them to do ſo in the rude produce of the ſoil. If the free importation of foreign manufactures was

was permitted, several of the home manufactures would probably suffer, and some of them, perhaps, go to ruin altogether, and a considerable part of the stock and industry at present employed in them, would be forced to find out some other employment. But the freest importation of the rude produce of the soil could have no such effect upon the agriculture of the country.

If the importation of foreign cattle, for example, was made ever so free, so few could be imported, that the grazing trade of Great Britain could be little affected by it. Live cattle are, perhaps, the only commodity of which the transportation is more expensive by sea than by land. By land they carry themselves to market. By sea, not only the cattle, but their food and their water too must be carried at no small expence and inconveniency. The short sea between Ireland and Great Britain, indeed, renders the importation of Irish cattle more easy. But though the free importation of them, which was lately permitted only for a limited time, were rendered perpetual, it could have no considerable effect upon the interest of the graziers of Great Britain. Those parts of Great Britain which border upon the Irish sea are all grazing countries. Irish cattle could never be imported for their use, but must be drove through those very extensive countries, at no small expence and inconveniency, before they could arrive at their proper market. Fat cattle could not be drove so far. Lean cattle, therefore, only could be imported, and such importation could interfere, not with the interest of the feeding or fattening countries, to which, by reducing the price of lean cattle, it would rather be advantageous, but with that of the breeding countries only. The small number of Irish cattle imported since their importation was permitted, together with the good price at which lean cattle still continue to sell, seem to demonstrate that even the breeding countries of Great Britain are never likely to be much affected by the free importation of Irish cattle. The common people of Ireland, indeed, are said to have sometimes opposed with violence the exportation of their cattle. But if the exporters had found any great advantage in continuing the trade, they could easily, when the law was on their side, have conquered this mobbish opposition.

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FEEDING and fattening countries, beſides, muſt always be highly improved, whereas breeding countries are generally uncultivated. The high price of lean cattle, by augmenting the value of uncultivated land, is like a bounty againſt improvement. To any country which was highly improved throughout, it would be more advantageous to import its lean cattle than to breed them. The province of Holland, accordingly, is ſaid to follow this maxim at preſent. The mountains of Scotland, Wales, and Northumberland, indeed, are countries not capable of much improvement, and ſeem deſtined by nature to be the breeding countries of Great Britain. The freeſt importation of foreign cattle could have no other effect than to hinder thoſe breeding countries from taking advantage of the increaſing population and improvement of the reſt of the kingdom, from raiſing their price to an exorbitant height, and from laying a real tax upon all the more improved and cultivated parts of the country.

THE freeſt importation of ſalt proviſions, in the ſame manner, could have as little effect upon the intereſt of the graziers of Great Britain as that of live cattle. Salt proviſions are not only a very bulky commodity, but when compared with freſh meat, they are a commodity both of worſe quality, and as they coſt more labour and expence, of higher price. They could never, therefore, come into competition with the freſh meat, though they might with the ſalt proviſions of the country. They might be uſed for victualling ſhips for diſtant voyages, and ſuch like uſes, but could never make any conſiderable part of the food of the people. The ſmall quantity of ſalt proviſions imported from Ireland ſince their importation was rendered free, is an experimental proof that our graziers have nothing to apprehend from it. It does not appear that the price of butcher's-meat has ever been ſenſibly affected by it.

EVEN the free importation of foreign corn could very little affect the intereſt of the farmers of Great Britain. Corn is a much more bulky commodity than butcher's-meat. A pound of wheat at a penny is as dear as a pound of butcher's-meat at fourpence. The ſmall quantity of foreign corn imported even in times of the greateſt ſcarcity, may ſatisfy our farmers that they can have nothing to fear from the freeſt importation. The average quantity imported, one year with another,

another, amounts only, according to the very well informed author of the tracts upon the corn trade, to twenty-three thouſand ſeven hundred and twenty-eight quarters of all ſorts of grain, and does not exceed the five hundredth and ſeventy-one part of the annual conſumption. But as the bounty upon corn occaſions a greater exportation in years of plenty, ſo it muſt of conſequence occaſion a greater importation in years of ſcarcity, than in the actual ſtate of tillage, would otherwiſe take place. By means of it, the plenty of one year does not compenſate the ſcarcity of another, and as the average quantity exported is neceſſarily augmented by it, ſo muſt likewiſe, in the actual ſtate of tillage, the average quantity imported. If there was no bounty, as leſs corn would be exported, ſo it is probable that, one year with another, leſs would be imported than at preſent. The corn merchants, the fetchers and carriers of corn, between Great Britain and foreign countries, would have much leſs employment, and might ſuffer conſiderably; but the country gentlemen and farmers could ſuffer very little. It is in the corn merchants, accordingly, rather than in the country gentlemen and farmers, that I have obſerved the greateſt anxiety for the renewal and continuation of the bounty.

COUNTRY gentlemen and farmers are, to their great honour, of all people, the leaſt ſubject to the wretched ſpirit of monopoly. The undertaker of a great manufactory is ſometimes alarmed if another work of the ſame kind is eſtabliſhed within twenty miles of him. The Dutch undertaker of the woollen manufacture at Abbeville, ſtipulated that no work of the ſame kind ſhould be eſtabliſhed within thirty leagues of that city. Farmers and country gentlemen, on the contrary, are generally diſpoſed rather to promote than to obſtruct the cultivation and improvement of their neighbours farms and eſtates. They have no ſecrets, ſuch as thoſe of the greater part of manufacturers, but are generally rather fond of communicating to their neighbours, and of extending as far as poſſible any new practice which they have found to be advantageous. *Pius Queſtus*, ſays old Cato, *ſtabiliſſimuſque, minimeque invidioſus; minimeque male cogitantes ſunt, qui in eo ſtudio occupati ſunt.* Country gentlemen and farmers, diſperſed in different parts of the country, cannot ſo eaſily combine as merchants and manufacturers, who being collected into towns, and accuſtomed to that excluſive corporation ſpirit

ſpirit which prevails in them, naturally endeavour to obtain againſt all their countrymen, the ſame excluſive privilege which they generally poſſeſs againſt the inhabitants of their reſpective towns. They accordingly ſeem to have been the original inventors of thoſe reſtraints upon the importation of foreign goods, which ſecure to them the monopoly of the home market. It was probably in imitation of them, and to put themſelves upon a level with thoſe who, they found, were diſpoſed to oppreſs them, that the country gentlemen and farmers of Great Britain ſo far forgot the generoſity which is natural to their ſtation, as to demand the excluſive privilege of ſupplying their countrymen with corn and butcher's-meat. They did not perhaps take time to conſider, how much leſs their intereſt could be affected by the freedom of trade, than that of the people whoſe example they followed.

To prohibit by a perpetual law the importation of foreign corn and cattle, is in reality to enact, that the population and induſtry of the country ſhall at no time exceed what the rude produce of its own ſoil can maintain.

THERE ſeem, however, to be two caſes in which it will generally be advantageous to lay ſome burden upon foreign, for the encouragement of domeſtic induſtry.

THE firſt is when ſome particular ſort of induſtry is neceſſary for the defence of the country. The defence of Great Britain, for example, depends very much upon the number of its ſailors and ſhipping. The act of navigation, therefore, very properly endeavours to give the ſailors and ſhipping of Great Britain the monopoly of the trade of their own country, in ſome caſes, by abſolute prohibitions, and in others by heavy burdens upon the ſhipping of foreign countries. The following are the principal diſpoſitions of this act.

FIRST, all ſhips, of which the owners, maſters, and three-fourths of the mariners are not Britiſh ſubjects, are prohibited, upon pain of forfeiting ſhip and cargo, from trading to the Britiſh ſettlements and plantations, or from being employed in the coaſting trade of Great Britain.

SECONDLY,

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SECONDLY, a great variety of the moſt bulky articles of importation can be brought into Great Britain only, either in ſuch ſhips as are above deſcribed, or in ſhips of the country where thoſe goods are produced, and of which the owners, maſters, and three-fourths of the mariners, are of that particular country; and when imported even in ſhips of this latter kind, they are ſubject to double aliens duty. If imported in ſhips of any other country, the penalty is forfeiture of ſhip and goods. When this act was made, the Dutch were, what they ſtill are, the great carriers of Europe, and by this regulation they were entirely excluded from being the carriers to Great Britain, or from importing to us the goods of any other European country.

THIRDLY, a great variety of the moſt bulky articles of importation are prohibited from being imported, even in Britiſh ſhips, from any country but that in which they are produced; under pain of forfeiting ſhip and cargo. This regulation too was probably intended againſt the Dutch. Holland was then, as now, the great emporium for all European goods, and by this regulation, Britiſh ſhips were hindered from loading in Holland the goods of any other European country.

FOURTHLY, ſalt fiſh of all kinds, whale-fins, whale-bone, oil, and blubber, not caught by and cured on board Britiſh veſſels, when imported into Great Britain, are ſubjected to double aliens duty. The Dutch, as they are ſtill the principal, were then the only fiſhers in Europe that attempted to ſupply foreign nations with fiſh. By this regulation, a very heavy burden was laid upon their ſupplying Great Britain.

WHEN the act of navigation was made, though England and Holland were not actually at war, the moſt violent animoſity ſubſiſted between the two nations. It had begun during the government of the long parliament, which firſt framed this act, and it broke out ſoon after in the Dutch wars during that of the Protector and of Charles the Second. It is not impoſſible, therefore, that ſome of the regulations of this famous act may have proceeded from national animoſity. They are as wiſe, however, as if they had all been dictated by the moſt deliberate wiſdom. National animoſity at that particular time aimed at the very ſame object which

which the moſt deliberate wiſdom would have recommended, the diminution of the naval power of Holland, the only naval power which could endanger the ſecurity of England.

THE act of navigation is not favourable to foreign commerce, or to the growth of that opulence which can ariſe from it. The intereſt of a nation in its commercial relations to foreign nations is, like that of a merchant with regard to the different people with whom he deals, to buy as cheap and to ſell as dear as poſſible. But it will be moſt likely to buy cheap, when by the moſt perfect freedom of trade it encourages all nations to bring to it the goods which it has occaſion to purchaſe; and, for the ſame reaſon, it will be moſt likely to ſell dear, when its markets are thus filled with the greateſt number of buyers. The act of navigation, it is true, lays no burden upon foreign ſhips that come to export the produce of Britiſh induſtry. Even the antient aliens duty, which uſed to be paid upon all goods exported as well as imported, has, by ſeveral ſubſequent acts, been taken off from the greater part of the articles of exportation. But if foreigners, either by prohibitions or high duties, are hindered from coming to ſell, they cannot always afford to come to buy; becauſe coming without a cargo, they muſt loſe the freight from their own country to Great Britain. By diminiſhing the number of ſellers, therefore, we neceſſarily diminiſh that of buyers, and are thus likely not only to buy foreign goods dearer, but to ſell our own cheaper, than if there was a more perfect freedom of trade. As defence, however, is of much more importance than opulence, the act of navigation is, perhaps, the wiſeſt of all the commercial regulations of England.

THE ſecond caſe, in which it will generally be advantageous to lay ſome burden upon foreign for the encouragement of domeſtic induſtry, is, when ſome tax is impoſed at home upon the produce of the latter. In this caſe, it ſeems reaſonable that an equal tax ſhould be impoſed upon the like produce of the former. This would not give the monopoly of the home market to domeſtic induſtry, nor turn towards a particular employment a greater ſhare of the ſtock and labour of the country, than what would naturally go to it. It would only hinder any part of what would naturally go to it from being turned away by the tax, into a leſs natural direction,

tion, and would leave the competition between foreign and domeſtic induſtry, after the tax, as nearly as poſſible upon the ſame footing as before it. In Great Britain, when any ſuch tax is laid upon the produce of domeſtic induſtry, it is uſual at the ſame time, in order to ſtop the clamorous complaints of our merchants and manufacturers, that they will be underſold at home, to lay a much heavier duty upon the importation of all foreign goods of the ſame kind.

THIS ſecond limitation of the freedom of trade according to ſome people ſhould, upon ſome occaſions, be extended much further than to the preciſe foreign commodities which could come into competition with thoſe which had been taxed at home. When the neceſſaries of life have been taxed in any country, it becomes proper, they pretend, to tax not only the like neceſſaries of life imported from other countries, but all ſorts of foreign goods which can come into competition with any thing that is the produce of domeſtic induſtry. Subſiſtence, they ſay, becomes neceſſarily dearer in conſequence of ſuch taxes; and the price of labour muſt always riſe with the price of the labourers ſubſiſtence. Every commodity, therefore, which is the produce of domeſtic induſtry, though not immediately taxed itſelf, becomes dearer in conſequence of ſuch taxes, becauſe the labour which produces it becomes ſo. Such taxes, therefore, are really equivalent, they ſay, to a tax upon every particular commodity produced at home. In order to put domeſtic upon the ſame footing with foreign induſtry, therefore, it becomes neceſſary, they think, to lay ſome duty upon every foreign commodity, equal to this enhancement of the price of the home commodities with which it can come into competition.

WHETHER taxes upon the neceſſaries of life, ſuch as thoſe in Great Britain upon ſoap, ſalt, leather, candles, &c. neceſſarily raiſe the price of labour, and conſequently that of all other commodities, I ſhall conſider hereafter, when I come to treat of taxes. Suppoſing, however, in the mean time, that they have this effect, and they have it undoubtedly, this general enhancement of the price of all commodities, in conſequence of that of labour, is a caſe which differs in the two following reſpects from that of a particular commodity, of which the price was enhanced by a particular tax immediately impoſed upon it.

FIRST,

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FIRST, it might always be known with great exactneſs how far the price of ſuch a commodity could be enhanced by ſuch a tax: but how far the general enhancement of the price of labour might affect that of every different commodity, about which labour was employed, could never be known with any tolerable exactneſs. It would be impoſſible, therefore, to proportion with any tolerable exactneſs the tax upon every foreign, to this enhancement of the price of every home commodity.

SECONDLY, taxes upon the neceſſaries of life have nearly the ſame effect upon the circumſtances of the people as a poor ſoil and a bad climate. Proviſions are thereby rendered dearer in the ſame manner as if it required extraordinary labour and expence to raiſe them. As in the natural ſcarcity ariſing from ſoil and climate, it would be abſurd to direct the people in what manner they ought to employ their capitals and induſtry, ſo is it likewiſe in the artificial ſcarcity ariſing from ſuch taxes. To be left to accommodate, as well as they could, their induſtry to their ſituation, and to find out thoſe employments in which, notwithſtanding their unfavourable circumſtances, they might have ſome advantage either in the home or in the foreign market, is what in both caſes would evidently be moſt for their advantage. To lay a new tax upon them, becauſe they are already overburdened with taxes, and becauſe they already pay too dear for the neceſſaries of life, to make them likewiſe pay too dear for the greater part of other commodities, is certainly a moſt abſurd way of making amends.

SUCH taxes, when they have grown up to a certain height, are a curſe equal to the barrenneſs of the earth and the inclemency of the heavens; and yet it is in the richeſt and moſt induſtrious countries that they have been moſt generally impoſed. No other countries could ſupport ſo great a diſorder. As the ſtrongeſt bodies only can live and enjoy health, under an unwholeſome regimen; ſo the nations only, that in every ſort of induſtry have the greateſt natural and acquired advantages, can ſubſiſt and proſper under ſuch taxes. Holland is the country in Europe in which they abound moſt, and which from peculiar circumſtances continues to proſper, not by means of them, as has been moſt abſurdly ſuppoſed, but in ſpite of them.

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As there are two cases in which it will generally be advantageous to lay some burden upon foreign, for the encouragement of domestic industry; so there are two others in which it may sometimes be a matter of deliberation; in the one, how far it is proper to continue the free importation of certain foreign goods; and in the other, how far, or in what manner it may be proper to restore that free importation after it has been for some time interrupted.

The case in which it may sometimes be a matter of deliberation how far it is proper to continue the free importation of certain foreign goods, is, when some foreign nation restrains by high duties or prohibitions the importation of some of our manufactures into their country. Revenge in this case naturally dictates retaliation, and that we should impose the like duties and prohibitions upon the importation of some or all of their manufactures into ours. Nations, accordingly, seldom fail to retaliate in this manner. The French have been particularly forward to favour their own manufactures by restraining the importation of such foreign goods as could come into competition with them. In this consisted a great part of the policy of Mr. Colbert, who, notwithstanding his great abilities, seems in this case to have been imposed upon by the sophistry of merchants and manufacturers, who are always demanding a monopoly against their countrymen. It is at present the opinion of the most intelligent men in France that his operations of this kind have not been beneficial to his country. That minister, by the tarif of 1667, imposed very high duties upon a great number of foreign manufactures. Upon his refusing to moderate them in favour of the Dutch, they in 1671 prohibited the importation of the wines, brandies, and manufactures of France. The war of 1672 seems to have been in part occasioned by this commercial dispute. The peace of Nimeguen put an end to it in 1678, by moderating some of those duties in favour of the Dutch, who in consequence took off their prohibition. It was about the same time that the French and English began mutually to oppress each other's industry, by the like duties and prohibitions, of which the French, however, seem to have set the first example. The spirit of hostility which has subsisted between the two nations ever since, has hitherto hindered them from being moderated on either side. In 1697 the English prohibited the importation of bonelace, the manufacture of Flanders. The government of that country, at that time under the dominion

dominion of Spain, prohibited in return the importation of Engliſh woollens. In 1700, the prohibition of importing bone-lace into England, was taken off upon condition that the importation of Engliſh woollens into Flanders ſhould be put on the ſame footing as before.

THERE may be good policy in retaliations of this kind, when there is a probability that they will procure the repeal of the high duties or prohibitions complained of. The recovery of a great foreign market will generally more than compenſate the tranſitory inconveniency of paying dearer during a ſhort time for ſome ſorts of goods. To judge whether ſuch retaliations are likely to produce ſuch an effect, does not, perhaps, belong ſo much to the ſcience of a legiſlator, whoſe deliberations ought to be governed by general principles which are always the ſame, as to the ſkill of that inſidious and crafty animal, vulgarly called a ſtateſman or politician, whoſe councils are directed by the momentary fluctuations of affairs. When there is no probability that any ſuch repeal can be procured, it ſeems a bad method of compenſating the injury done to certain claſſes of our people, to do another injury ourſelves, not only to thoſe claſſes, but to almoſt all the other claſſes of them. When our neighbours prohibit ſome manufacture of ours, we generally prohibit, not only the ſame, for that alone would ſeldom affect them conſiderably, but ſome other manufacture of theirs. This may no doubt give encouragement to ſome particular claſs of workmen among ourſelves, and by excluding ſome of their rivals, may enable them to raiſe their price in the home-market. Thoſe workmen, however, who ſuffered by our neighbours prohibition will not be benefited by ours. On the contrary, they and almoſt all the other claſſes of our citizens will thereby be obliged to pay dearer than before for certain goods. Every ſuch law, therefore, impoſes a real tax upon the whole country, not in favour of that particular claſs of workmen who were injured by our neighbours prohibition, but of ſome other claſs.

THE caſe in which it may ſometimes be a matter of deliberation, how far, or in what manner it is proper to reſtore the free importation of foreign goods, after it has been for ſome time interrupted, is, when particular manufactures, by means of high duties or prohibitions upon all foreign goods which can come into competition with them, have been ſo far

far extended as to employ a great multitude of hands. Humanity may in this case require that the freedom of trade should be restored only by slow gradations, and with a good deal of reserve and circumspection. Were those high duties and prohibitions taken away all at once, cheaper foreign goods of the same kind might be poured so fast into the home-market, as to deprive all at once many thousands of our people of their ordinary employment and means of subsistence. The disorder which this would occasion might no doubt be very considerable. It would in all probability, however, be much less than is commonly imagined, for the two following reasons:

First, all those manufactures, of which any part is commonly exported to other European countries without a bounty, could be very little affected by the freest importation of foreign goods. Such manufactures must be sold as cheap abroad as any other foreign goods of the same quality and kind, and consequently must be sold cheaper at home. They would still, therefore, keep possession of the home-market, and though a capricious man of fashion might sometimes prefer foreign wares, merely because they were foreign, to cheaper and better goods of the same kind that were made at home, this folly could, from the nature of things, extend to so few, that it could make no sensible impression upon the general employment of the people. But a great part of all the different branches of our woollen manufacture, of our tanned leather, and of our hardware, are annually exported to other European countries without any bounty, and these are the manufactures which employ the greatest number of hands. The silk, perhaps, is the manufacture which would suffer the most by this freedom of trade, and after it the linen, though the latter much less than the former.

Secondly, though a great number of people should, by thus restoring the freedom of trade, be thrown all at once out of their ordinary employment and common method of subsistence, it would by no means follow that they would thereby be deprived either of employment or subsistence. By the reduction of the army and navy at the end of the late war more than a hundred thousand soldiers and seamen, a number equal to what is employed in the greatest manufactures, were all at once thrown out of their ordinary employment; but, though they no doubt suffered some inconveniency,

The undertaker of a great manufacture who, by the home-markets being ſuddenly laid open to the competition of foreigners, ſhould be obliged to abandon his trade, would no doubt ſuffer very conſiderably. That part of his capital which had uſually been employed in purchaſing materials and in paying his workmen, might, without much difficulty, perhaps, find another employment. But that part of it which was fixed in workhouſes, and in the inſtruments of trade, could ſcarce be diſpoſed of without conſiderable loſs. The equitable regard, therefore, to his intereſt requires that changes of this kind ſhould never be introduced ſuddenly, but ſlowly, gradually, and after a very long warning. The legiſlature, were it poſſible that its deliberations could be always directed, not by the clamorous importunity of partial intereſt, but by an extenſive view of the general good, ought upon this very account, perhaps, to be particularly careful neither to eſtabliſh any new monopolies of this kind, nor to extend further thoſe which are already eſtabliſhed. Every ſuch regulation introduces ſome degree of real diſorder into the conſtitution of the ſtate, which it will be difficult afterwards to cure without occaſioning another diſorder.

How far it may be proper to impoſe taxes upon the importation of foreign goods, in order, not to prevent their importation, but to raiſe a revenue for government, I ſhall conſider hereafter when I come to treat of taxes. Taxes impoſed with a view to prevent, or even to diminiſh importation, are evidently as deſtructive of the revenue of the cuſtoms as of the freedom of trade.

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CHAP. III.

Of the extraordinary Reſtraints upon the Importation of Goods of almoſt all Kinds, from thoſe Countries with which the Balance is ſuppoſed to be diſadvantageous.

PART I.

Of the Unreaſonableneſs of thoſe Reſtraints even upon the Principles of the Commercial Syſtem.

TO lay extraordinary reſtraints upon the importation of goods of almoſt all kinds, from thoſe particular countries with which the balance of trade is ſuppoſed to be diſadvantageous, is the ſecond expedient by which the commercial ſyſtem propoſes to increaſe the quantity of gold and ſilver. Thus in Great Britain Sileſia lawns may be imported for home conſumption, upon paying certain duties. But French cambricks and lawns are prohibited to be imported, except into the port of London, there to be warehouſed for exportation. Higher duties are impoſed upon the wines of France than upon thoſe of Portugal, or indeed of any other country. By what is called the impoſt 1692, a duty of five and twenty per cent. of the rate or value, was laid upon all French goods; while the goods of other nations were, the greater part of them, ſubjected to much lighter duties, ſeldom exceeding five per cent. The wine, brandy, ſalt and vinegar of France were indeed excepted; theſe commodities being ſubjected to other heavy duties, either by other laws, or by particular clauſes of the ſame law. In 1696, a ſecond duty of twenty-five per cent. the firſt not having been thought a ſufficient diſcouragement, was impoſed upon all French goods, except brandy; together with a new duty of five-and-twenty pounds upon the ton of French wine, and another of fifteen pounds upon the ton of French vinegar. French goods have never been

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been omitted in any of thoſe general ſubſidies, or duties of five per cent., which have been impoſed upon all, or the greater part of the goods enumerated in the book of rates. If we count the one-third and two-third ſubſidies as making a compleat ſubſidy between them, there have been five of theſe general ſubſidies; ſo that before the commencement of the preſent war ſeventy-five per cent. may be conſidered as the loweſt duty, to which the greater part of the goods of the growth, produce, or manufacture of France were liable. But upon the greater part of goods, thoſe duties are equivalent to a prohibition. The French in their turn have, I believe, treated our goods and manufactures juſt as hardly; though I am not ſo well acquainted with the particular hardſhips which they have impoſed upon them. Thoſe mutual reſtraints have put an end to almoſt all fair commerce between the two nations, and ſmugglers are now the principal importers, either of Britiſh goods into France, or of French goods into Great Britain. The principles which I have been examining in the foregoing chapter took their origin from private intereſt and the ſpirit of monopoly; thoſe which I am going to examine in this, from national prejudice and animoſity. They are, accordingly, as might well be expected, ſtill more unreaſonable. They are ſo, even upon the principles of the commercial ſyſtem.

FIRST, though it were certain that in the caſe of a free trade between France and England, for example, the balance would be in favour of France, it would by no means follow that ſuch a trade would be diſadvantageous to England, or that the general balance of its whole trade would thereby be turned more againſt it. If the wines of France are better and cheaper than thoſe of Portugal, or its linens than thoſe of Germany, it would be more advantageous for Great Britain to purchaſe both the wine and the foreign linen which it had occaſion for of France, than of Portugal and Germany. Though the value of the annual importations from France would thereby be greatly augmented, the value of the whole annual importations would be diminiſhed, in proportion as the French goods of the ſame quality were cheaper than thoſe of the other two countries. This would be the caſe, even upon the ſuppoſition that the whole French goods imported were to be conſumed in Great Britain.

BUT,

BUT, ſecondly, a great part of them might be re-exported to other countries, where, being ſold with profit, they might bring back a return equal in value, perhaps, to the prime coſt of the whole French goods imported. What has frequently been ſaid of the Eaſt India trade might poſſibly be true of the French; that though the greater part of Eaſt India goods were bought with gold and ſilver, the re-exportation of a part of them to other countries, brought back more gold and ſilver to that which carried on the trade than the prime coſt of the whole amounted to. One of the moſt important branches of the Dutch trade, at preſent, conſiſts in the carriage of French goods to other European countries. Some part even of the French wine drank in Great Britain is clandeſtinely imported from Holland and Zealand. If there was either a free trade between France and England, or if French goods could be imported upon paying only the ſame duties as thoſe of other European nations, to be drawn back upon exportation, England might have ſome ſhare of a trade which is found ſo advantageous to Holland.

THIRDLY, and laſtly, there is no certain criterion by which we can determine on which ſide what is called the balance between any two countries lies, or which of them exports to the greateſt value. National prejudice and animoſity, prompted always by the private intereſt of particular traders, are the principles which generally direct our judgment upon all queſtions concerning it. There are two criterions, however, which have frequently been appealed to upon ſuch occaſions, the cuſtom-houſe books and the courſe of exchange. The cuſtom-houſe books, I think, it is now generally acknowledged, are a very uncertain criterion, on account of the inaccuracy of the valuation at which the greater part of goods are rated in them. The courſe of exchange is, perhaps, almoſt equally ſo.

WHEN the exchange between two places, ſuch as London and Paris, is at par, it is ſaid to be a ſign that the debts due from London to Paris are compenſated by thoſe due from Paris to London. On the contrary, when a premium is paid at London for a bill upon Paris, it is ſaid to be a ſign that the debts due from London to Paris are not compenſated by thoſe due from Paris to London, but that a balance in money muſt be ſent out from the latter place; for the riſk, trouble, and

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expence of exporting which, the premium is both demanded and given. But the ordinary ſtate of debt and credit between thoſe two cities muſt neceſſarily be regulated, it is ſaid, by the ordinary courſe of their dealings with one another. When neither of them imports from the other to a greater amount than it exports to that other, the debts and credits of each may compenſate one another. But when one of them imports from the other to a greater value than it exports to that other, the former neceſſarily becomes indebted to the latter in a greater ſum than the latter becomes indebted to it: the debts and credits of each do not compenſate one another, and money muſt be ſent out from that place of which the debts over-balance the credits. The ordinary courſe of exchange, therefore, being an indication of the ordinary ſtate of debt and credit between two places, muſt likewiſe be an indication of the ordinary courſe of their exports and imports, as theſe neceſſarily regulate that ſtate.

BUT though the ordinary courſe of exchange ſhould be allowed to be a ſufficient indication of the ordinary ſtate of debt and credit between any two places, it would not from thence follow, that the balance of trade was in favour of that place which had the ordinary ſtate of debt and credit in its favour. The ordinary ſtate of debt and credit between any two places is not always entirely regulated by the ordinary courſe of their dealings with one another; but is often influenced by that of the dealings of either with many other places. If it is uſual, for example, for the merchants of England to pay for the goods which they buy of Hamburgh, Dantzic, Riga, &c. by bills upon Holland, the ordinary ſtate of debt and credit between England and Holland will not be regulated entirely by the ordinary courſe of the dealings of thoſe two countries with one another, but will be influenced by that of the dealings of England with thoſe other places. England may be obliged to ſend out every year money to Holland, though its annual exports to that country may exceed very much the annual value of its imports from thence; and though what is called the balance of trade may be very much in favour of England.

IN the way beſides in which the par of exchange has hitherto been computed, the ordinary courſe of exchange can afford no ſufficient indication that the ordinary ſtate of debt and credit is in favour of that country which ſeems to have,

or

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or which is ſuppoſed to have, the ordinary courſe of exchange in its favour: or, in other words, the real exchange may be, and, in fact, often is ſo very different from the computed one, that from the courſe of the latter no certain concluſion can, upon many occaſions, be drawn concerning that of the former.

When for a ſum of money paid in England, containing, according to the ſtandard of the Engliſh mint, a certain number of ounces of pure ſilver, you receive a bill for a ſum of money to be paid in France, containing, according to the ſtandard of the French mint, an equal number of ounces of pure ſilver, exchange is ſaid to be at par between England and France. When you pay more, you are ſuppoſed to give a premium, and exchange is ſaid to be againſt England, and in favour of France. When you pay leſs, you are ſuppoſed to get a premium, and exchange is ſaid to be againſt France, and in favour of England.

But, firſt we cannot always judge of the value of the current money of different countries by the ſtandard of their reſpective mints. In ſome it is more, in others it is leſs worn, clipt, and otherwiſe degenerated from that ſtandard. But the value of the current coin of every country, compared with that of any other country, is in proportion not to the quantity of pure ſilver which it ought to contain, but to that which it actually does contain. Before the reformation of the ſilver coin in king William's time, exchange between England and Holland, computed, in the uſual manner, according to the ſtandard of their reſpective mints, was five-and-twenty per cent. againſt England. But the value of the current coin of England, as we learn from Mr. Lowndes, was at that time rather more than five-and-twenty per cent. below its ſtandard value. The real exchange, therefore, may even at that time have been in favour of England, notwithſtanding the computed exchange was ſo much againſt it; a ſmaller number of ounces of pure ſilver, actually paid in England, may have purchaſed a bill for a greater number of ounces of pure ſilver to be paid in Holland, and the man who was ſuppoſed to give, may in reality have got the premium. The French coin was, before the late reformation of the Engliſh gold coin, much leſs worn than the Engliſh, and was, perhaps, two or three per cent. nearer its ſtandard. If the computed

computed exchange with France, therefore, was not more than two or three per cent. againſt England, the real exchange might have been in its favour. Since the reformation of the gold coin, the exchange has been conſtantly in favour of England, and againſt France.

SECONDLY, in ſome countries, the expence of coinage is defrayed by the government; in others, it is defrayed by the private people who carry their bullion to the mint, and the government even derives ſome revenue from the coinage. In England, it is defrayed by the government, and if you carry a pound weight of ſtandard ſilver to the mint, you get back ſixty-two ſhillings, containing a pound weight of the like ſtandard ſilver. In France, a duty of eight per cent. is deducted for the coinage, which not only defrays the expence of it, but affords a ſmall revenue to the government. In England, as the coinage coſts nothing, the current coin can never be much more valuable than the quantity of bullion which it actually contains. In France, the workmanſhip as you pay for it, adds to the value, in the ſame manner as to that of wrought plate. A ſum of French money, therefore, containing a certain weight of pure ſilver, is more valuable than a ſum of Engliſh money containing an equal weight of pure ſilver, and muſt require more bullion, or other commodities to purchaſe it. Though the current coin of the two countries, therefore, were equally near the ſtandards of their reſpective mints, a ſum of Engliſh money could not well purchaſe a ſum of French money, containing an equal number of ounces of pure ſilver, nor conſequently a bill upon France for ſuch a ſum. If for ſuch a bill no more additional money was paid than what was ſufficient to compenſate the expence of the French coinage, the real exchange might be at par between the two countries, their debts and credits might mutually compenſate one another, while the computed exchange was conſiderably in favour of France. If leſs than this was paid, the real exchange might be in favour of England, while the computed was in favour of France.

THIRDLY, and laſtly, in ſome places, as at Amſterdam, Hamburgh, Venice, &c. foreign bills of exchange are paid in what they call bank money; while in others, as at London, Liſbon, Antwerp, Leghorn, &c. they are paid in the common

mon currency of the country. What is called bank money is always of more value than the ſame nominal ſum of common currency. A thouſand guilders in the bank of Amſterdam, for example, are of more value than a thouſand guilders of Amſterdam currency. The difference between them is called the agio of the bank, which, at Amſterdam, is generally about five per cent. Suppoſing the current money of the two countries equally near to the ſtandard of their reſpective mints, and that the one pays foreign bills in this common currency, while the other pays them in bank money, it is evident that the computed exchange may be in favour of that which pays in bank money, though the real exchange ſhould be in favour of that which pays in current money; for the ſame reaſon that the computed exchange may be in favour of that which pays in better money, or in money nearer to its own ſtandard, though the real exchange ſhould be in favour of that which pays in worſe. The computed exchange, before the late reformation of the gold coin, was generally againſt London with Amſterdam, Hamburgh, Venice, and, I believe, with all other places which pay in what is called bank money. It will by no means follow, however, that the real exchange was againſt it. Since the reformation of the gold coin, it has been in favour of London even with thoſe places. The computed exchange has generally been in favour of London with Liſbon, Antwerp, Leghorn, and, if you except France, I believe, with moſt other parts of Europe that pay in common currency; and it is not improbable that the real exchange was ſo too.

Digreſſion

Digreſſion concerning Banks of Depoſit, particularly concerning that of Amſterdam.

THE currency of a great ſtate, ſuch as France or England, generally conſiſts almoſt entirely of its own coin. Should this currency, therefore, be at any time worn, clipt, or otherwiſe degraded below its ſtandard value, the ſtate by a reformation of its coin can effectually re-eſtabliſh its currency. But the currency of a ſmall ſtate, ſuch as Genoa or Hamburgh, can ſeldom conſiſt altogether in its own coin, but muſt be made up, in a great meaſure, of the coins of all the neighbouring ſtates with which its inhabitants have a continual intercourſe. Such a ſtate, therefore, by reforming its coin, will not always be able to reform its currency. If foreign bills of exchange are paid in this currency, the uncertain value of any ſum, of what is in its own nature ſo uncertain, muſt render the exchange always very much againſt ſuch a ſtate, its currency being, in all foreign ſtates, neceſſarily valued even below what it is worth.

IN order to remedy the inconvenience to which this diſadvantageous exchange muſt have ſubjected their merchants, ſuch ſmall ſtates, when they began to attend to the intereſt of trade, have frequently enacted, that foreign bills of exchange of a certain value ſhould be paid, not in common currency, but by an order upon, or by a transfer in the books of a certain bank, eſtabliſhed upon the credit, and under the protection of the ſtate; this bank being always obliged to pay, in good and true money, exactly according to the ſtandard of the ſtate. The banks of Venice, Genoa, Amſterdam, Hamburgh, and Nuremberg, ſeem to have been all originally eſtabliſhed with this view, though ſome of them may have afterwards been made ſubſervient to other purpoſes. The money of ſuch banks being better than the common currency of the country, neceſſarily bore an agio, which was greater or ſmaller, according as the currency was ſuppoſed to be more or leſs degraded below the ſtandard of the ſtate. The agio of the bank of Hamburgh, for example, which is ſaid to be commonly about fourteen per cent. is the ſuppoſed difference between the good ſtandard money of the ſtate,

ſtate, and the clipt, worn, and diminiſhed currency poured into it from all the neighbouring ſtates.

BEFORE 1609 the great quantity of clipt and worn foreign coin, which the extenſive trade of Amſterdam brought from all parts of Europe, reduced the value of its currency about nine per cent. below that of good money freſh from the mint. Such money no ſooner appeared than it was melted down or carried away, as it always is in ſuch circumſtances. The merchants, with plenty of currency, could not always find a ſufficient quantity of good money to pay their bills of exchange; and the value of thoſe bills, in ſpite of ſeveral regulations which were made to prevent it, became in a great meaſure uncertain.

IN order to remedy theſe inconveniencies, a bank was eſtabliſhed in 1609 under the guarantee of the city. This bank received both foreign coin, and the light and worn coin of the country at its real intrinſic value in the good ſtandard money of the country, deducting only ſo much as was neceſſary for defraying the expence of coinage, and the other neceſſary expence of management. For the value which remained, after this ſmall deduction was made, it gave a credit in its books. This credit was called bank money, which, as it repreſented money exactly according to the ſtandard of the mint, was always of the ſame real value, and intrinſically worth more than current money. It was at the ſame time enacted, that all bills drawn upon or negociated of Amſterdam of the value of ſix hundred guilders and upwards ſhould be paid in bank money, which at once took away all uncertainty in the value of thoſe bills. Every merchant, in conſequence of this regulation, was obliged to keep an account with the bank in order to pay his foreign bills of exchange, which neceſſarily occaſioned a certain demand for bank money.

BANK money, over and above both its intrinſic ſuperiority to currency, and the additional value which this demand neceſſarily gives it, has likewiſe ſome other advantages. It is ſecure from fire, robbery, and other accidents; the city of Amſterdam is bound for it; it can be paid away by a ſimple transfer, without the trouble of counting, or the riſk of tranſporting it from one place to another. In conſequence of thoſe different advantages, it ſeems from the beginning to have

have borne an agio, and it is generally believed that all the money originally depoſited in the bank was allowed to remain there, nobody caring to demand payment of a debt which he could ſell for a premium in the market. By demanding payment of the bank, the owner of a bank credit would loſe this premium. As a ſhilling freſh from the mint will buy no more goods in the market than one of our common worn ſhillings, ſo the good and true money which might be brought from the coffers of the bank into thoſe of a private perſon, being mixed and confounded with the common currency of the country, would be of no more value than that currency, from which it could no longer be readily diſtinguiſhed. While it remained in the coffers of the bank, its ſuperiority was known and aſcertained. When it had come into thoſe of a private perſon, its ſuperiority could not well be aſcertained without more trouble than perhaps the difference was worth. By being brought from the coffers of the bank, beſides, it loſt all the other advantages of bank money; its ſecurity, its eaſy and ſafe transferability, its uſe in paying foreign bills of exchange. Over and above all this, it could not be brought from thoſe coffers, as it will appear by and by, without previouſly paying for the keeping.

THOSE depoſits of coin, or thoſe depoſits which the bank was bound to reſtore in coin, conſtituted the original capital of the bank, or the whole value of what was repreſented by what is called bank money. At preſent they are ſuppoſed to conſtitute but a very ſmall part of it. In order to facilitate the trade in bullion, the bank has been for theſe many years in the practice of giving credit in its books upon depoſits of gold and ſilver bullion. This credit is generally about five per cent. below the mint price of ſuch bullion. The bank grants at the ſame time what is called a recipice or receipt, intitling the perſon who makes the depoſit, or the bearer, to take out the bullion again at any time within ſix months, upon re-transferring to the bank a quantity of bank money equal to that for which credit had been given in its books when the depoſit was made, and upon paying one-fourth per cent. for the keeping, if the depoſit was in ſilver; and one-half per cent. if it was in gold; but at the ſame time declaring, that in default of ſuch payment, and upon the expiration of this term, the depoſit ſhould belong to the bank at the price at which it had been received, or for which credit had

had been given in the transfer books. What is thus paid for the keeping of the depoſit may be conſidered as a ſort of warehouſe rent; and why this warehouſe rent ſhould be ſo much dearer for gold than for ſilver, ſeveral different reaſons have been aſſigned. The fineneſs of gold, it has been ſaid, is more difficult to be aſcertained than that of ſilver. Frauds are more eaſily practiſed, and occaſion a greater loſs in the more precious metal. Silver, beſides, being the ſtandard metal, the ſtate, it has been ſaid, wiſhes to encourage more the making of depoſits of ſilver than of thoſe of gold.

DEPOSITS of bullion are moſt commonly made when the price is ſomewhat lower than ordinary; and they are taken out again when it happens to riſe. In Holland the market price of bullion is generally above the mint price, for the ſame reaſon that it was ſo in England before the late reformation of the gold coin. The difference is ſaid to be commonly from about ſix to ſixteen ſtivers upon the mark, or eight ounces of ſilver of eleven parts fine, and one part alloy. The bank price, or the credit which the bank gives for depoſits of ſuch ſilver (when made in foreign coin, of which the fineneſs is well known and aſcertained, ſuch as Mexico dollars) is twenty-two guilders the mark; the mint price is about twenty-three guilders, and the market price is from twenty-three guilders ſix, to twenty-three guilders ſixteen ſtivers, or from two to three per cent. above the mint price *. The proportions between the bank price, the mint price, and the market price of gold bullion, are nearly the ſame. A perſon can generally ſell his receipt for the difference between the mint price of bullion and the market price. A receipt for bullion is almoſt always worth ſomething, and it very ſeldom happens, therefore, that any body ſuffers his receipt to expire,

* The following are the prices at which the bank of Amſterdam at preſent (September, 1775) receives bullion and coin of different kinds:

SILVER.

Mexico dollars, French crowns, Engliſh ſilver coin	}	Guilders. B—22 per mark.
Mexico dollars new coin		— 21 10
Ducatoons		— — 3
Rix dollars		— — — 2 8

Bar ſilver containing $\frac{11}{12}$ fine ſilver 21 per mark, and in this proportion down to $\frac{1}{2}$ fine, on which 5 guilders are given.

Fine bars, 23 per mark.

GOLD.

GSL

ore, or allows his bullion to fall to the bank at the price at which it had been received, either by not taking it out before the end of the six months, or by neglecting to pay the one-fourth or one-half per cent. in order to obtain a new receipt for another six months. This, however, though it happens seldom, is said to happen sometimes, and more frequently with regard to gold, than with regard to silver, on account of the higher warehouse-rent which is paid for the keeping of the more precious metal.

THE person who by making a deposit of bullion obtains both a bank credit and a receipt, pays his bills of exchange as they become due with his bank credit; and either sells or keeps his receipt according as he judges that the price of bullion is likely to rise or to fall. The receipt and the bank credit seldom keep long together, and there is no occasion that they should. The person who has a receipt, and who wants to take out bullion, finds always plenty of bank credits, or bank money to buy at the ordinary price; and the person who has bank money, and wants to take out bullion, finds receipts always in equal abundance.

THE owners of bank credits, and the holders of receipts, constitute two different sorts of creditors against the bank. The holder of a receipt cannot draw out the bullion for which it is granted, without re-assigning to the bank a sum of bank money equal to the price at which the bullion had been received. If he has no bank money of his own, he must purchase it of those who have it. The owner of bank money cannot draw out bullion without producing to the bank receipts for the quantity which he wants. If he has none of his own, he must buy them of those who have them. The holder of a receipt, when he purchases bank money, purchases the power of taking out a quantity of bullion, of

which

GOLD.		
Portugal coin Guineas Louis d'ors new	}	B—310 per mark.
Ditto old —	—	300.
New ducats —	—	4 19 8 per ducat.

Bar or ingot gold is received in proportion to its fineness compared with the above foreign gold coin. Upon fine bars the bank gives 340 per mark. In general, however, something more is given upon coin of a known fineness, than upon gold and silver bars, of which the fineness cannot be ascertained but by a process of melting and assaying.

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which the mint price is five per cent. above the bank price. The agio of five per cent. therefore, which he commonly pays for it, is paid, not for an imaginary, but for a real value. The owner of bank money, when he purchaſes a receipt, purchaſes the power of taking out a quantity of bullion of which the market price is commonly from two to three per cent. above the mint price. The price which he pays for it, therefore, is paid likewiſe for a real value. The price of the receipt, and the price of the bank money, compound or make up between them the full value or price of the bullion.

Upon depoſits of the coin current in the country, the bank grants receipts likewiſe as well as bank credits; but thoſe receipts are frequently of no value, and will bring no price in the market. Upon ducatoons, for example, which in the currency paſs for three guilders three ſtivers each, the bank gives a credit of three guilders only, or five per cent. below their current value. It grants a receipt likewiſe intitling the bearer to take out the number of ducatoons depoſited at any time within ſix months, upon paying one-fourth per cent. for the keeping. This receipt will frequently bring no price in the market. Three guilders bank money generally ſell in the market for three guilders three ſtivers, the full value of the ducatoons, if they were taken out of the bank; and before they can be taken out, one-fourth per cent. muſt be paid for the keeping, which would be mere loſs to the holder of the receipt. If the agio of the bank, however, ſhould at any time fall to three per cent. ſuch receipts might bring ſome price in the market, and might ſell for one and three-fourths per cent. But the agio of the bank being now generally about five per cent. ſuch receipts are frequently allowed to expire, or as they expreſs it, to fall to the bank. The receipts which are given for depoſits of gold ducats fall to it yet more frequently, becauſe a higher warehouſe-rent, or one-half per cent. muſt be paid for the keeping of them before they can be taken out again. The five per cent. which the bank gains, when depoſits either of coin or bullion are allowed to fall to it, may be conſidered as the warehouſe-rent for the perpetual keeping of ſuch depoſits.

The ſum of bank money for which the receipts are expired muſt be very conſiderable. It muſt comprehend the whole original capital of the bank, which, it is generally ſuppoſed,

ſuppoſed, has been allowed to remain there from the time it was firſt depoſited, nobody caring either to renew his receipt or to take out his depoſit, as, for the reaſons already aſſigned, neither the one nor the other could be done without loſs. But whatever may be the amount of this ſum, the proportion which it bears to the whole maſs of bank money is ſuppoſed to be very ſmall. The bank of Amſterdam has for theſe many years paſt been the great warehouſe of Europe for bullion, for which the receipts are very ſeldom allowed to expire, or, as they expreſs it, to fall to the bank. The far greater part of the bank money, or of the credits upon the books of the bank, is ſuppoſed to have been created, for theſe many years paſt, by ſuch depoſits which the dealers in bullion are continually both making and withdrawing.

No demand can be made upon the bank but by means of a recipice or receipt. The ſmaller maſs of bank money, for which the receipts are expired, is mixed and confounded with the much greater maſs for which they are ſtill in force; ſo that, though there may be a conſiderable ſum of bank money, for which there are no receipts, there is no ſpecific ſum or portion of it, which may not at any time be demanded by one. The bank cannot be debtor to two perſons for the ſame thing; and the owner of bank money who has no receipt, cannot demand payment of the bank till he buys one. In ordinary and quiet times, he can find no difficulty in getting one to buy at the market price, which generally correſponds with the price at which he can ſell the coin or bullion it intitles him to take out of the bank.

It might be otherwiſe during a public calamity; an invaſion, for example, ſuch as that of the French in 1672. The owners of bank money being then all eager to draw it out of the bank, in order to have it in their own keeping, the demand for receipts might raiſe their price to an exorbitant height. The holders of them might form extravagant expectations, and, inſtead of two or three per cent. demand half the bank money for which credit had been given upon the depoſits that the receipts had reſpectively been granted for. The enemy, informed of the conſtitution of the bank, might even buy them up in order to prevent the carrying away of the treaſure. In ſuch emergencies, the bank, it is ſuppoſed, would break through its ordinary rule of making payment only to the holders of receipts. The holders of receipts,

ceipts, who had no bank money, muſt have received within two or three per cent. of the value of the depoſit for which their reſpective receipts had been granted. The bank, therefore, it is ſaid, would in this caſe make no ſcruple of paying, either with money or bullion, the full value of what the owners of bank money who could get no receipts, were credited for in its books; paying at the ſame time two or three per cent. to ſuch holders of receipts as had no bank money, that being the whole value which in this ſtate of things could juſtly be ſuppoſed due to them.

EVEN in ordinary and quiet times it is the intereſt of the holders of receipts to depreſs the agio, in order either to buy bank money (and conſequently the bullion, which their receipts would then enable them to take out of the bank) ſo much cheaper, or to ſell their receipts to thoſe who have bank money, and who want to take out bullion, ſo much dearer; the price of a receipt being generally equal to the difference between the market price of bank money, and that of the coin or bullion for which the receipt had been granted. It is the intereſt of the owners of bank money, on the contrary, to raiſe the agio, in order either to ſell their bank money ſo much dearer, or to buy a receipt ſo much cheaper. To prevent the ſtock-jobbing tricks which thoſe oppoſite intereſts might ſometimes occaſion, the bank has of late years come to the reſolution to ſell at all times bank money for currency, at five per cent. agio, and to buy it in again at four per cent. agio. In conſequence of this reſolution, the agio can never either riſe above five, or ſink below four per cent. and the proportion between the market price of bank and that of current money, is kept at all times very near to the proportion between their intrinſic values. Before this reſolution was taken, the market price of bank money uſed ſometimes to riſe ſo high as nine per cent. agio, and ſometimes to ſink ſo low as par, according as oppoſite intereſts happened to influence the market.

THE bank of Amſterdam profeſſes to lend out no part of what is depoſited with it, but, for every guilder for which it gives credit in its books, to keep in its repoſitories the value of a guilder either in money or bullion. That it keeps in its repoſitories all the money or bullion for which there are receipts in force, for which it is at all times liable to be called upon, and which, in reality, is continually going from it and returning

returning to it again, cannot well be doubted. But whether it does ſo likewiſe with regard to that part of its capital, for which the receipts are long ago expired, for which in ordinary and quiet times it cannot be called upon, and which in reality is very likely to remain with it for ever, or as long as the States of the United Provinces ſubſiſt, may perhaps appear more uncertain. At Amſterdam, however, no point of faith is better eſtabliſhed than that for every guilder, circulated as bank money, there is a correſpondent guilder in gold or ſilver to be found in the treaſure of the bank. The city is guarantee that it ſhould be ſo. The bank is under the direction of the four reigning burgomaſters, who are changed every year. Each new ſett of burgomaſters viſits the treaſure, compares it with the books, receives it upon oath, and delivers it over, with the ſame awful ſolemnity, to the ſett which ſucceeds; and in that ſober and religious country oaths are not yet diſregarded. A rotation of this kind ſeems alone a ſufficient ſecurity againſt any practices which cannot be avowed. Amidſt all the revolutions which faction has ever occaſioned in the government of Amſterdam, the prevailing party has at no time accuſed their predeceſſors of infidelity in the adminiſtration of the bank. No accuſation could have affected more deeply the reputation and fortune of the diſgraced party, and if ſuch an accuſation could have been ſupported, we may be aſſured that it would have been brought. In 1672, when the French king was at Utrecht, the bank of Amſterdam paid ſo readily as left no doubt of the fidelity with which it had obſerved its engagements. Some of the pieces which were then brought from its repoſitories appeared to have been ſcorched with the fire which happened in the town-houſe ſoon after the bank was eſtabliſhed. Thoſe pieces, therefore, muſt have lain there from that time.

WHAT may be the amount of the treaſure in the bank, is a queſtion which has long employed the ſpeculations of the curious. Nothing but conjecture can be offered concerning it. It is generally reckoned that there are about two thouſand people who keep accounts with the bank, and allowing them to have, one with another, the value of fifteen hundred pounds ſterling lying upon their reſpective accounts (a very large allowance), the whole quantity of bank money, and conſequently of treaſure in the bank, will amount to about three millions ſterling, or, at eleven guilders the pound ſterling,

ſterling, thirty-three millions of guilders; a great ſum, and ſufficient to carry on a very extenſive circulation; but vaſtly below the extravagant ideas which ſome people have formed of this treaſure.

THE city of Amſterdam derives a conſiderable revenue from the bank. Beſides what may be called the warehouſe-rent above mentioned, each perſon, upon firſt opening an account with the bank, pays a fee of ten guilders; and for every new account three guilders three ſtivers; for every transfer two ſtivers; and if the transfer is for leſs than three hundred guilders, ſix ſtivers, in order to diſcourage the multiplicity of ſmall tranſactions. The perſon who neglects to balance his account twice in the year forfeits twenty-five guilders. The perſon who orders a transfer for more than is upon his account, is obliged to pay three per cent. for the ſum over-drawn, and his order is ſet aſide into the bargain. The bank is ſuppoſed too to make a conſiderable profit by the ſale of the foreign coin or bullion which ſometimes falls to it by the expiring of receipts, and which is always kept till it can be ſold with advantage. It makes a profit likewiſe by ſelling bank money at five per cent. agio, and buying it in at four. Theſe different emoluments amount to a good deal more than what is neceſſary for paying the ſalaries of officers, and defraying the expence of management. What is paid for the keeping of bullion upon receipts, is alone ſuppoſed to amount to a neat annual revenue of between one hundred and fifty thouſand and two hundred thouſand guilders. Public utility, however, and not revenue, was the original object of this inſtitution. Its object was to relieve the merchants from the inconvenience of a diſadvantageous exchange. The revenue which has ariſen from it was unforeſeen, and may be conſidered as accidental. But it is now time to return from this long digreſſion, into which I have been inſenſibly led in endeavouring to explain the reaſons why the exchange between the countries which pay in what is called bank money, and thoſe which pay in common currency, ſhould generally appear to be in favour of the former, and againſt the latter. The former pay in a ſpecies of money of which the intrinſic value is always the ſame, and exactly agreeable to the ſtandard of their reſpective mints; the latter in a ſpecies of money of which the intrinſic value is continually varying, and is almoſt always more or leſs below that ſtandard.

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PART II.

Of the Unreaſonableneſs of thoſe extraordinary Reſtraints upon other Principles.

IN the foregoing Part of this Chapter I have endeavoured to ſhew, even upon the principles of the commercial ſyſtem, how unneceſſary it is to lay extraordinary reſtraints upon the importation of goods from thoſe countries with which the balance of trade is ſuppoſed to be diſadvantageous.

NOTHING, however, can be more abſurd than this whole doctrine of the balance of trade, upon which, not only theſe reſtraints, but almoſt all the other regulations of commerce are founded. When two places trade with one another, this doctrine ſuppoſes that, if the balance be even, neither of them either loſes or gains; but if it leans in any degree to one ſide, that one of them loſes, and the other gains in proportion to its declenſion from the exact equilibrium. Both ſuppoſitions are falſe. A trade which is forced by means of bounties and monopolies, may be, and commonly is diſadvantageous to the country in whoſe favour it is meant to be eſtabliſhed, as I ſhall endeavour to ſhew hereafter. But that trade which, without force or conſtraint, is naturally and regularly carried on between any two places, is always advantageous, though not always equally ſo, to both.

BY advantage or gain, I underſtand, not the increaſe of the quantity of gold and ſilver, but that of the exchangeable value of the annual produce of the land and labour of the country, or the increaſe of the annual revenue of its inhabitants.

IF the balance be even, and if the trade between the two places conſiſt altogether in the exchange of their native commodities, they will, upon moſt occaſions, not only both gain, but they will gain equally, or very near equally: each will in this caſe afford a market for a part of the ſurplus produce of

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of the other: each will replace a capital which had been employed in raiſing and preparing for the market this part of the ſurplus produce of the other, and which had been diſtributed among, and given revenue and maintenance to a certain number of its inhabitants. Some part of the inhabitants of each, therefore, will indirectly derive their revenue and maintenance from the other. As the commodities exchanged too are ſuppoſed to be of equal value, ſo the two capitals employed in the trade will, upon moſt occaſions, be equal, or very nearly equal; and both being employed in raiſing the native commodities of the two countries, the revenue and maintenance which their diſtribution will afford to the inhabitants of each will be equal, or very nearly equal. This revenue and maintenance, thus mutually afforded, will be greater or ſmaller in proportion to the extent of their dealings. If theſe ſhould annually amount to an hundred thouſand pounds, for example, or to a million on each ſide, each of them would afford an annual revenue, in the one caſe, of an hundred thouſand pounds, in the other, of a million, to the inhabitants of the other.

If their trade ſhould be of ſuch a nature that one of them exported to the other nothing but native commodities, while the returns of that other conſiſted altogether in foreign goods; the balance, in this caſe, would ſtill be ſuppoſed even, commodities being paid for with commodities. They would, in this caſe too, both gain, but they would not gain equally; and the inhabitants of the country which exported nothing but native commodities would derive the greateſt revenue from the trade. If England, for example, ſhould import from France nothing but the native commodities of that country, and, not having ſuch commodities of its own as were in demand there, ſhould annually repay them by ſending thither a large quantity of foreign goods, tobacco, we ſhall ſuppoſe, and Eaſt India goods; this trade, though it would give ſome revenue to the inhabitants of both countries, would give more to thoſe of France than to thoſe of England. The whole French capital annually employed in it would annually be diſtributed among the people of France. But that part of the Engliſh capital only which was employed in producing the Engliſh commodities with which thoſe foreign goods were purchaſed, would be annually diſtributed among the people of England. The greater part of it would replace the capitals which had been employed in Virginia,

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Indoſtan, and China, and which had given revenue and maintenance to the inhabitants of thoſe diſtant countries. If the capitals were equal, or nearly equal, therefore, this employment of the French capital would augment much more the revenue of the people of France, than that of the Engliſh capital would the revenue of the people of England. France would in this caſe carry on a direct foreign trade of conſumption with England; whereas England would carry on a round-about trade of the ſame kind with France. The different effects of a capital employed in the direct, and of one employed in the round-about foreign trade of conſumption, have already been fully explained.

THERE is not, probably, between any two countries, a trade which conſiſts altogether in the exchange either of native commodities on both ſides, or of native commodities on one ſide and of foreign goods on the other. Almoſt all countries exchange with one another partly native and partly foreign goods. That country, however, in whoſe cargoes there is the greateſt proportion of native, and the leaſt of foreign goods, will always be the principal gainer.

IF it was not with tobacco and Eaſt India goods, but with gold and ſilver, that England paid for the commodities annually imported from France, the balance, in this caſe, would be ſuppoſed uneven, commodities not being paid for with commodities, but with gold and ſilver. The trade, however, would, in this caſe, as in the foregoing, give ſome revenue to the inhabitants of both countries, but more to thoſe of France than to thoſe of England. It would give ſome revenue to thoſe of England. The capital which had been employed in producing the Engliſh goods that purchaſed this gold and ſilver, the capital which had been diſtributed among, and given revenue to certain inhabitants of England, would thereby be replaced, and enabled to continue that employment. The whole capital of England would no more be diminiſhed by this exportation of gold and ſilver, than by the exportation of an equal value of any other goods. On the contrary, it would, in moſt caſes, be augmented. No goods are ſent abroad but thoſe for which the demand is ſuppoſed to be greater abroad than at home, and of which the returns conſequently, it is expected, will be of more value at home than the commodities exported. If the tobacco which, in England, is worth only a hundred thouſand pounds,

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pounds, when ſent to France will purchaſe wine which is, in England, worth a hundred and ten thouſand pounds, the exchange will augment the capital of England by ten thouſand pounds. If a hundred thouſand pounds of Engliſh gold, in the ſame manner, purchaſe French wine, which, in England, is worth a hundred and ten thouſand, this exchange will equally augment the capital of England by ten thouſand pounds. As a merchant who has a hundred and ten thouſand pounds worth of wine in his cellar, is a richer man than he who has only a hundred thouſand pounds worth of tobacco in his warehouſe, ſo is he likewiſe a richer man than he who has only a hundred thouſand pounds worth of gold in his coffers. He can put into motion a greater quantity of induſtry, and give revenue, maintenance, and employment, to a greater number of people than either of the other two. But the capital of the country is equal to the capitals of all its different inhabitants, and the quantity of induſtry which can be annually maintained in it, is equal to what all thoſe different capitals can maintain. Both the capital of the country, therefore, and the quantity of induſtry which can be annually maintained in it, muſt generally be augmented by this exchange. It would, indeed, be more advantageous for England that it could purchaſe the wines of France with its own hardware and broad-cloth, than with either the tobacco of Virginia, or the gold and ſilver of Brazil and Peru. A direct foreign trade of conſumption is always more advantageous than a round-about one. But a round-about foreign trade of conſumption, which is carried on with gold and ſilver, does not ſeem to be leſs advantageous than any other equally round-about one. Neither is a country which has no mines more likely to be exhauſted of gold and ſilver by this annual exportation of thoſe metals, than one which does not grow tobacco by the like annual exportation of that plant. As a country which has wherewithal to buy tobacco will never be long in want of it, ſo neither will one be long in want of gold and ſilver which has wherewithal to purchaſe thoſe metals.

It is a loſing trade, it is ſaid, which a workman carries on with the alehouſe; and the trade which a manufacturing nation would naturally carry on with a wine country, may be conſidered as a trade of the ſame nature. I anſwer, that the trade with the alehouſe is not neceſſarily a loſing trade. In its own nature it is juſt as advantageous as any other, though,

though, perhaps, ſomewhat more liable to be abuſed. The employment of a brewer, and even that of a retailer of fermented liquors, are as neceſſary diviſions of labour as any other. It will generally be more advantageous for a workman to buy of the brewer the quantity he has occaſion for, than to brew it himſelf, and if he is a poor workman, it will generally be more advantageous for him to buy it, by little and little of the retailer, than a large quantity of the brewer. He may no doubt buy too much of either, as he may of any other dealers in his neighbourhood, of the butcher, if he is a glutton, or of the draper, if he affects to be a beau among his companions. It is advantageous to the great body of workmen, notwithſtanding, that all theſe trades ſhould be free, though this freedom may be abuſed in all of them, and is more likely to be ſo, perhaps, in ſome than in others. Though individuals, beſides, may ſometimes ruin their fortunes by an exceſſive conſumption of fermented liquors, there ſeems to be no riſk that a nation ſhould do ſo. Though in every country there are many people who ſpend upon ſuch liquors more than they can afford, there are always many more who ſpend leſs. It deſerves to be remarked too that, if we conſult experience, the cheapneſs of wine ſeems to be a cauſe, not of drunkenneſs, but of ſobriety. The inhabitants of the wine countries are in general the ſobereſt people in Europe; witneſs the Spaniards, the Italians, and the inhabitants of the ſouthern provinces of France. People are ſeldom guilty of exceſs in what is their daily fare. Nobody affects the character of liberality and good fellowſhip, by being profuſe of a liquor which is as cheap as ſmall beer. On the contrary, in the countries which, either from exceſſive heat or cold, produce no grapes, and where wine conſequently is dear and a rarity, drunkenneſs is a common vice, as among the northern nations, and all thoſe who live between the tropics, the negroes, for example, on the coaſt of Guinea. When a French regiment comes from ſome of the northern provinces of France, where wine is ſomewhat dear, to be quartered in the ſouthern, where it is very cheap, the ſoldiers, I have frequently heard it obſerved, are at firſt debauched by the cheapneſs and novelty of good wine; but after a few months reſidence, the greater part of them become as ſober as the reſt of the inhabitants. Were the duties upon foreign wines, and the exciſes upon malt, beer, and ale, to be taken away all at once, it might, in the ſame manner,

manner, occaſion in Great Britain a pretty general and temporary drunkenneſs among the middling and inferior ranks of people, which would probably be ſoon followed by a permanent and almoſt univerſal ſobriety. At preſent drunkenneſs is by no means the vice of people of faſhion, or of thoſe who can eaſily afford the moſt expenſive liquors. A gentleman drunk with ale, has ſcarce ever been ſeen among us. The reſtraints upon the wine trade in Great Britain, beſides, do not ſo much ſeem calculated to hinder the people from going, if I may ſay ſo, to the alehouſe, as from going where they can buy the beſt and cheapeſt liquor. They favour the wine trade of Portugal, and diſcourage that of France. The Portugueſe, it is ſaid, indeed, are better cuſtomers for our manufactures than the French, and ſhould therefore be encouraged in preference to them. As they give us their cuſtom, it is pretended, we ſhould give them ours. The ſneaking arts of underling tradeſmen are thus erected into political maxims for the conduct of a great empire: for it is the moſt underling tradeſmen only who make it a rule to employ chiefly their own cuſtomers. A great trader purchaſes his goods always where they are cheapeſt and beſt, without regard to any little intereſt of this kind.

By ſuch maxims as theſe, however, nations have been taught that their intereſt conſiſted in beggaring all their neighbours. Each nation has been made to look with an invidious eye upon the proſperity of all the nations with which it trades, and to conſider their gain as its own loſs. Commerce, which ought naturally to be, among nations, as among individuals, a bond of union and friendſhip, has become the moſt fertile ſource of diſcord and animoſity. The capricious ambition of kings and miniſters has not, during the preſent and the preceding century, been more fatal to the repoſe of Europe, than the impertinent jealouſy of merchants and manufacturers. The violence and injuſtice of the rulers of mankind is an ancient evil, for which, I am afraid, the nature of human affairs can ſcarce admit of a remedy. But the mean rapacity, the monopolizing ſpirit of merchants and manufacturers, who neither are, nor ought to be the rulers of mankind, though it cannot perhaps be corrected, may very eaſily be prevented from diſturbing the tranquillity of any body but themſelves.

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That it was the ſpirit of monopoly which originally both invented and propagated this doctrine, cannot be doubted; and they who firſt taught it were by no means ſuch fools as they who believed it. In every country it always is and muſt be the intereſt of the great body of the people to buy whatever they want of thoſe who ſell it cheapeſt. The propoſition is ſo very manifeſt, that it ſeems ridiculous to take any pains to prove it; nor could it ever have been called in queſtion, had not the intereſted ſophiſtry of merchants and manufacturers confounded the common ſenſe of mankind. Their intereſt is, in this reſpect, directly oppoſite to that of the great body of the people. As it is the intereſt of the freemen of a corporation to hinder the reſt of the inhabitants from employing any workmen but themſelves, ſo it is the intereſt of the merchants and manufacturers of every country to ſecure to themſelves the monopoly of the home market. Hence in Great Britain, and in moſt other European countries, the extraordinary duties upon almoſt all goods imported by alien merchants. Hence the high duties and prohibitions upon all thoſe foreign manufactures which can come into competition with our own. Hence too the extraordinary reſtraints upon the importation of almoſt all ſorts of goods from thoſe countries with which the balance of trade is ſuppoſed to be diſadvantageous; that is, from thoſe againſt whom national animoſity happens to be moſt violently inflamed.

The wealth of a neighbouring nation, however, though dangerous in war and politics, is certainly advantageous in trade. In a ſtate of hoſtility it may enable our enemies to maintain fleets and armies ſuperior to our own; but in a ſtate of peace and commerce it muſt likewiſe enable them to exchange with us to a greater value, and to afford a better market, either for the immediate produce of our own induſtry, or for whatever is purchaſed with that produce. As a rich man is likely to be a better cuſtomer to the induſtrious people in his neighbourhood, than a poor, ſo is likewiſe a rich nation. A rich man, indeed, who is himſelf a manufacturer, is a very dangerous neighbour to all thoſe who deal in the ſame way. All the reſt of the neighbourhood, however, by far the greateſt number, profit by the good market which his expence affords them. They even profit by his under-ſelling the poorer workmen who deal in the ſame

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ſame way with him. The manufacturers of a rich nation, in the ſame manner, may no doubt be very dangerous rivals to thoſe of their neighbours. This very competition, however, is advantageous to the great body of the people, who profit greatly beſides by the good market which the great expence of ſuch a nation affords them in every other way. Private people who want to make a fortune, never think of retiring to the remote and poor provinces of the country, but reſort either to the capital or to ſome of the great commercial towns. They know, that, where little wealth circulates, there is little to be got, but that where a great deal is in motion, ſome ſhare of it may fall to them. The ſame maxims which would in this manner direct the common ſenſe of one, or ten, or twenty individuals, ſhould regulate the judgment of one, or ten, or twenty millions, and ſhould make a whole nation regard the riches of its neighbours, as a probable cauſe and occaſion for itſelf to acquire riches. A nation that would enrich itſelf by foreign trade is certainly moſt likely to do ſo when its neighbours are all rich, induſtrious, and commercial nations. A great nation ſurrounded on all ſides by wandering ſavages and poor barbarians might, no doubt, acquire riches by the cultivation of its own lands, and by its own interior commerce, but not by foreign trade. It ſeems to have been in this manner that the antient Egyptians and the modern Chineſe acquired their great wealth. The antient Egyptians, it is ſaid, neglected foreign commerce, and the modern Chineſe, it is known, hold it in the utmoſt contempt, and ſcarce deign to afford it the decent protection of the laws. The modern maxims of foreign commerce, by aiming at the impoveriſhment of all our neighbours, ſo far as they are capable of producing their intended effect, tend to render that very commerce inſignificant and contemptible.

It is in conſequence of theſe maxims that the commerce between France and England has in both countries been ſubjected to ſo many diſcouragements and reſtraints. If thoſe two countries, however, were to conſider their real intereſt, without either mercantile jealouſy or national animoſity, the commerce of France might be more advantageous to Great Britain than that of any other country, and for the ſame reaſon that of Great Britain

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to France. France is the neareſt neighbour to Great Britain. In the trade between the ſouthern coaſt of England and the northern and north-weſtern coaſts of France, the returns might be expected, in the ſame manner as in the inland trade, four, five, or ſix times in the year. The capital, therefore, employed in this trade, could in each of the two countries keep in motion four, five, or ſix times the quantity of induſtry, and afford employment and ſubſiſtence to four, five, or ſix times the number of people, which an equal capital could do in the greater part of the other branches of foreign trade. Between the parts of France and Great Britain moſt remote from one another, the returns might be expected, at leaſt, once in the year, and even this trade would ſo far be at leaſt equally advantageous as the greater part of the other branches of our foreign European trade. It would be, at leaſt, three times more advantageous, than the boaſted trade with our North American colonies, in which the returns were ſeldom made in leſs than three years, frequently not in leſs than four or five years. France, beſides, is ſuppoſed to contain twenty-four millions of inhabitants. Our North American colonies were never ſuppoſed to contain more than three millions: And France is a much richer country than North America; though, on account of the more unequal diſtribution of riches, there is much more poverty and beggary in the one country, than in the other. France, therefore, could afford a market at leaſt eight times more extenſive, and, on account of the ſuperior frequency of the returns, four and twenty times more advantageous, than that which our North American colonies ever afforded. The trade of Great Britain would be juſt as advantageous to France, and, in proportion to the wealth, population and proximity of the reſpective countries, would have the ſame ſuperiority over that which France carries on with her own colonies. Such is the very great difference between that trade which the wiſdom of both nations has thought proper to diſcourage, and that which it has favoured the moſt.

But the very ſame circumſtances which would have rendered an open and free commerce between the two countries ſo advantageous to both, have occaſioned the principal obſtructions to that commerce. Being neighbours, they are neceſſarily enemies, and the wealth and power of each becomes,

comes, upon that account, more formidable to the other; and what would increaſe the advantage of national friendſhip, ſerves only to inflame the violence of national animoſity. They are both rich and induſtrious nations; and the merchants and manufacturers of each, dread the competition of the ſkill and activity of thoſe of the other. Mercantile jealouſy is excited, and both inflames, and is itſelf inflamed, by the violence of national animoſity: And the traders of both countries have announced, with all the paſſionate confidence of intereſted falſehood, the certain ruin of each, in conſequence of that unfavourable balance of trade, which, they pretend, would be the infallible effect of an unreſtrained commerce with the other.

THERE is no commercial country in Europe of which the approaching ruin has not frequently been foretold by the pretended doctors of this ſyſtem, from an unfavourable balance of trade. After all the anxiety, however, which they have excited about this, after all the vain attempts of almoſt all trading nations to turn that balance in their own favour and againſt their neighbours, it does not appear that any one nation in Europe has been in any reſpect impoveriſhed by this cauſe. Every town and country, on the contrary, in proportion as they have opened their ports to all nations; inſtead of being ruined by this free trade, as the principles of the commercial ſyſtem would lead us to expect, have been enriched by it. Though there are in Europe, indeed, a few towns which in ſome reſpects deſerve the name of free ports, there is no country which does ſo. Holland, perhaps, approaches the neareſt to this character of any, though ſtill very remote from it; and Holland, it is acknowledged, not only derives its whole wealth, but a great part of its neceſſary ſubſiſtence, from foreign trade.

THERE is another balance, indeed, which has already been explained, very different from the balance of trade, and which, according as it happens to be either favourable or unfavourable, neceſſarily occaſions the proſperity or decay of every nation. This is the balance of the annual produce and conſumption. If the exchangeable value of the annual produce, it has already been obſerved, exceeds that of the annual conſumption, the capital of the ſociety muſt annually increaſe in proportion to this exceſs. The ſociety in this caſe lives within its revenue, and what is annually ſaved out of its revenue, is naturally

naturally added to its capital, and employed ſo as to increaſe ſtill further the annual produce. If the exchangeable value of the annual produce, on the contrary, fall ſhort of the annual conſumption, the capital of the ſociety muſt annually decay in proportion to this deficiency. The expence of the ſociety in this caſe exceeds its revenue, and neceſſarily encroaches upon its capital. Its capital, therefore, muſt neceſſarily decay, and, together with it, the exchangeable value of the annual produce of its induſtry.

THIS balance of produce and conſumption is entirely different from, what is called, the balance of trade. It might take place in a nation which had no foreign trade, but which was entirely ſeparated from all the world. It may take place in the whole globe of the earth, of which the wealth, population, and improvement may be either gradually increaſing or gradually decaying.

THE balance of produce and conſumption may be conſtantly in favour of a nation, though what is called the balance of trade be generally againſt it. A nation may import to a greater value than it exports for half a century, perhaps, together; the gold and ſilver which comes into it during all this time may be all immediately ſent out of it; its circulating coin may gradually decay, different ſorts of paper money being ſubſtituted in its place, and even the debts too which it contracts in the principal nations with whom it deals, may be gradually increaſing; and yet its real wealth, the exchangeable value of the annual produce of its lands and labour, may, during the ſame period, have been increaſing in a much greater proportion. The ſtate of our North American colonies, and of the trade which they carried on with Great Britain, before the commencement of the preſent diſturbances *, may ſerve as a proof that this is by no means an impoſſible ſuppoſition.

* This paragraph was written in the year 1775.

CHAP.

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CHAP. IV.

Of Drawbacks.

MERCHANTS and manufacturers are not contented with the monopoly of the home market, but desire likewise the most extensive foreign sale for their goods. Their country has no jurisdiction in foreign nations, and therefore can seldom procure them any monopoly there. They are generally obliged, therefore, to content themselves with petitioning for certain encouragements to exportation.

OF these encouragements what are called Drawbacks seem to be the most reasonable. To allow the merchant to draw back upon exportation, either the whole or a part of whatever excise or inland duty is imposed upon domestic industry, can never occasion the exportation of a greater quantity of goods than what would have been exported had no duty been imposed. Such encouragements do not tend to turn towards any particular employment a greater share of the capital of the country, than what would go to that employment of its own accord, but only to hinder the duty from driving away any part of that share to other employments. They tend not to overturn that balance which naturally establishes itself among all the various employments of the society; but to hinder it from being overturned by the duty. They tend not to destroy, but to preserve, what it is in most cases advantageous to preserve, the natural division and distribution of labour in the society.

THE same thing may be said of the drawbacks upon the re-exportation of foreign goods imported; which in Great Britain generally amount to by much the largest part of the duty upon importation. By the second of the rules, annexed to the act of parliament, which imposed, what is now called, the old subsidy, every merchant, whether English or alien, was allowed to draw back half that duty upon exportation; the English merchant, provided the exportation took place within twelve months; the alien, provided it took place within

within nine months. Wines, currants, and wrought ſilks were the only goods which did not fall within this rule, having other and more advantageous allowances. The duties impoſed by this act of parliament were, at that time, the only duties upon the importation of foreign goods. The term within which this, and all other drawbacks, could be claimed, was afterwards (by 7 Geo. I. chap. 21. ſect. 10.) extended to three years.

The duties which have been impoſed ſince the old ſubſidy, are, the greater part of them, wholly drawn back upon exportation. This general rule, however, is liable to a great number of exceptions, and the doctrine of drawbacks has become a much leſs ſimple matter, than it was at their firſt inſtitution.

Upon the exportation of ſome foreign goods, of which it was expected that the importation would greatly exceed what was neceſſary for the home conſumption, the whole duties are drawn back, without retaining even half the old ſubſidy. Before the revolt of our North American colonies, we had the monopoly of the tobacco of Maryland and Virginia. We imported about ninety-ſix thouſand hogſheads, and the home conſumption was not ſuppoſed to exceed fourteen thouſand. To facilitate the great exportation which was neceſſary, in order to rid us of the reſt, the whole duties were drawn back, provided the exportation took place within three years.

We ſtill have, though not altogether, yet very nearly, the monopoly of the ſugars of our Weſt Indian Iſlands. If ſugars are exported within a year, therefore, all the duties upon importation are drawn back, and if exported within three years, all the duties, except half the old ſubſidy, which ſtill continues to be retained upon the exportation of the greater part of goods. Though the importation of ſugar exceeds, a good deal, what is neceſſary for the home conſumption, the exceſs is inconſiderable, in compariſon of what it uſed to be in tobacco.

Some goods, the particular objects of the jealouſy of our own manufacturers, are prohibited to be imported for home conſumption. They may, however, upon paying certain duties, be imported and warehouſed for exportation. But upon ſuch

ſuch exportation, no part of theſe duties are drawn back. Our manufacturers are unwilling, it ſeems, that even this reſtricted importation ſhould be encouraged, and are afraid leſt ſome part of theſe goods ſhould be ſtolen out of the warehouſe, and thus come into competition with their own. It is under theſe regulations only that we can import wrought ſilks, French cambricks and lawns, callicoes painted, printed, ſtained, or dyed, &c.

We are unwilling even to be the carriers of French goods, and chooſe rather to forego a profit to ourſelves, than to ſuffer thoſe, whom we conſider as our enemies, to make any profit by our means. Not only half the old ſubſidy, but the ſecond twenty-five per cent. is retained upon the exportation of all French goods.

By the fourth of the rules annexed to the old ſubſidy, the drawback allowed upon the exportation of all wines amounted to a great deal more than half the duties which were, at that time, paid upon their importation; and it ſeems, at that time, to have been the object of the legiſlature to give ſomewhat more than ordinary encouragement to the carrying trade in wine. Several of the other duties too, which were impoſed, either at the ſame time, or ſubſequent to the old ſubſidy; what is called the additional duty, the new ſubſidy, the one-third and two-third ſubſidies, the impoſt 1692, the coinage on wine, were allowed to be wholly drawn back upon exportation. All thoſe duties, however, except the additional duty and impoſt 1692, being paid down in ready money, upon importation, the intereſt of ſo large a ſum occaſioned an expence, which made it unreaſonable to expect any profitable carrying trade in this article. Only a part, therefore, of the duty called the impoſt on wine, and no part of the twenty-five pounds the ton upon French wines, or of the duties impoſed in 1745, in 1763, and in 1778, were allowed to be drawn back upon exportation. The two impoſts of five per cent. impoſed in 1779 and 1781, upon all the former duties of cuſtoms, being allowed to be wholly drawn back upon the exportation of all other goods, were likewiſe allowed to be drawn back upon that of wine. The laſt duty that has been particularly impoſed upon wine, that of 1780, is allowed to be wholly drawn back, an indulgence, which, when ſo many heavy duties are retained, moſt probably could never occaſion the exportation of a ſingle

ſingle ton of wine. Theſe rules take place with regard to all places of lawful exportation, except the Britiſh colonies in America.

The 15th Charles II. chap. 7. called an act for the encouragement of trade, had given Great Britain the monopoly of ſupplying the colonies with all the commodities of the growth or manufacture of Europe; and conſequently with wines. In a country of ſo extenſive a coaſt as our North American and Weſt Indian colonies, where our authority was always ſo very ſlender, and where the inhabitants were allowed to carry out, in their own ſhips, their non-enumerated commodities, at firſt, to all parts of Europe, and afterwards, to all parts of Europe South of Cape Finiſterre, it is not very probable that this monopoly could ever be much reſpected; and they probably, at all times, found means of bringing back ſome cargo from the countries to which they were allowed to carry out one. They ſeem, however, to have found ſome difficulty in importing European wines from the places of their growth, and they could not well import them from Great Britain, where they were loaded with many heavy duties, of which a conſiderable part was not drawn back upon exportation. Madeira wine, not being a European commodity, could be imported directly into America and the Weſt Indies, countries which, in all their non-enumerated commodities, enjoyed a free trade to the iſland of Madeira. Theſe circumſtances had probably introduced that general taſte for Madeira wine, which our officers found eſtabliſhed in all our colonies at the commencement of the war, which began in 1755, and which they brought back with them to the mother country, where that wine had not been much in faſhion before. Upon the concluſion of that war, in 1763 (by the 4th Geo. III. Chap. 15. Sect. 12.), all the duties, except 3*l.* 10*s.* were allowed to be drawn back, upon the exportation to the colonies of all wines, except French wines, to the commerce and conſumption of which, national prejudice would allow no ſort of encouragement. The period between the granting of this indulgence and the revolt of our North American colonies was probably too ſhort to admit of any conſiderable change in the cuſtoms of thoſe countries.

The ſame act, which, in the drawback upon all wines, except French wines, thus favoured the colonies ſo much more

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more than other countries; in thoſe, upon the greater part of other commodities, favoured them much leſs. Upon the exportation of the greater part of commodities to other countries, half the old ſubſidy was drawn back. But this law enacted, that no part of that duty ſhould be drawn back upon the exportation to the colonies of any commodities, of the growth or manufacture either of Europe or the Eaſt Indies, except wines, white callicoes and muſlins.

DRAWBACKS were, perhaps, originally granted for the encouragement of the carrying trade, which, as the freight of the ſhips is frequently paid by foreigners in money, was ſuppoſed to be peculiarly fitted for bringing gold and ſilver into the country. But though the carrying trade certainly deſerves no peculiar encouragement, though the motive of the inſtitution was, perhaps abundantly fooliſh, the inſtitution itſelf ſeems reaſonable enough. Such drawbacks cannot force into this trade a greater ſhare of the capital of the country than what would have gone to it of its own accord, had there been no duties upon importation. They only prevent its being excluded altogether by thoſe duties. The carrying trade, though it deſerves no preference, ought not to be precluded, but to be left free like all other trades. It is a neceſſary reſource for thoſe capitals which cannot find employment either in the agriculture or in the manufactures of the country, either in its home trade or in its foreign trade of conſumption.

THE revenue of the cuſtoms, inſtead of ſuffering, profits from ſuch drawbacks, by that part of the duty which is retained. If the whole duties had been retained, the foreign goods upon which they are paid, could ſeldom have been exported, nor conſequently imported, for want of a market. The duties, therefore, of which a part is retained, would never have been paid.

THESE reaſons ſeem ſufficiently to juſtify drawbacks, and would juſtify them, though the whole duties, whether upon the produce of domeſtic induſtry, or upon foreign goods, were always drawn back upon exportation. The revenue of exciſe would in this caſe, indeed, ſuffer a little, and that of the cuſtoms a good deal more; but the natural balance of induſtry, the natural diviſion and diſtribution of labour, which

is always more or less disturbed by such duties, would be more nearly re-established by such a regulation.

THESE reasons, however, will justify drawbacks only upon exporting goods to those countries which are altogether foreign and independent, not to those in which our merchants and manufacturers enjoy a monopoly. A drawback, for example, upon the exportation of European goods to our American colonies, will not always occasion a greater exportation than what would have taken place without it. By means of the monopoly which our merchants and manufacturers enjoy there, the same quantity might frequently, perhaps, be sent thither, though the whole duties were retained. The drawback, therefore, may frequently be pure loss to the revenue of excise and customs, without altering the state of the trade, or rendering it in any respect more extensive. How far such drawbacks can be justified, as a proper encouragement to the industry of our colonies, or how far it is advantageous to the mother country, that they should be exempted from taxes which are paid by all the rest of their fellow-subjects, will appear hereafter when I come to treat of colonies.

DRAWBACKS, however, it must always be understood, are useful only in those cases in which the goods for the exportation of which they are given, are really exported to some foreign country; and not clandestinely re-imported into our own. That some drawbacks, particularly those upon tobacco, have frequently been abused in this manner, and have given occasion to many frauds equally hurtful both to the revenue and to the fair trader, is well known.

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